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**Groups of countries in special situations: specific actions related to the particular needs and problems of landlocked developing countries: outcome of the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation**

# Implementation of the Almaty Programme of Action: Addressing the Special Needs of Landlocked Developing Countries within a New Global Framework for Transit Transport Cooperation for Landlocked and Transit Developing Countries

## Report of the Secretary-General

*Summary*

The present report is being submitted pursuant to General Assembly resolution 59/245 of 22 December 2004, in which the Secretary-General was requested to submit to the Assembly at its sixtieth session a report on progress made in the implementation of the Almaty Programme of Action: Addressing the Special Needs of Landlocked Developing Countries within a New Global Framework for Transit Transport Cooperation for Landlocked and Transit Developing Countries.

In this regard, the United Nations Secretariat requested Member States, the organizations of the United Nations system and other relevant international organizations to provide it with information on their activities undertaken to implement the Almaty Programme of Action. The report provides accounts of the activities undertaken by different stakeholders based on the information received.

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# I. Introduction

1. Landlocked developing countries are generally among the poorest of developing countries, with the weakest growth rates and social development records (see table 1). The rate of growth of gross domestic product (GDP) per capita for landlocked developing countries, as a group, declined from 2.2 to 1.5 per cent (on average, weighted by the size of the population) in 2003 compared with 2002 (see table 2). The low return on investment and slow export growth in landlocked developing countries have been key causes of the build-up of an unsustainable external debt with an external debt-to-export ratio of 221 per cent and an external debt-to-GDP ratio of 67 per cent in 2003 against ratios of 106 per cent and 36 per cent, respectively, for developing countries as a whole in the same year (see tables 3 and 4). The fact that, as of mid-March 2005, six landlocked developing countries were at the completion point and four at the decision point of the Heavily Indebted Poor Countries (HIPC) Initiative of the World Bank and the International Monetary Fund (IMF), qualified them to reduce their debt burden. In 2003, the 31 landlocked developing countries received in total about $8 billion in foreign direct investment (FDI) or 1.4 per cent of total world inward flows. It should be noted, however, that more than 65 per cent of total inflows to landlocked developing countries went to energy-rich Azerbaijan and Kazakhstan. Tables 5 and 6 provide data on export structure, by main category of products, and by main region of destination, respectively, for landlocked developing countries.

**Table 1**
**Selected development indicators for landlocked developing countries for last year available**

| | *Surface area (thousands of km²)* | *Population (millions)* | *Life expectancy at birth, total (years)* | *Urban population (percentage of total)* | *Roads, total network (km)* | *Roads paved (percentage of total roads)* | *Rail lines (total route, km)* | *Aircraft departures* | *Air transport, freight (millions of tons per km)* | *Air transport, passengers carried* | *Waterways (km)* | *Pipelines (km)* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Afghanistan | 652.1 | .. | .. | .. | 21 000 | 13.3 | .. | 3 400 | 7.8 | 149 700 | 1 200 | 387 |
| Armenia | 29.8 | 3.1 | 75 | 67 | 8 431 | 96.8 | 711 | 3 800 | 5.0 | 366 600 | .. | 1 871 |
| Azerbaijan | 86.6 | 8.2 | 65 | 52 | 28 030 | 92.4 | 2 122 | 9 200 | 67.1 | 683 700 | .. | 5 969 |
| Bhutan | 47.0 | 0.9 | 64 | 8 | 4 007 | 60.7 | .. | 1 900 | 0.2 | 36 400 | .. | .. |
| Bolivia | 1 098.6 | 8.8 | 64 | 64 | 60 282 | 6.6 | 3 698 | 28 900 | 24.5 | 1 768 300 | 10 000 | 9 200 |
| Botswana | 581.7 | 1.7 | 38 | 50 | 10 217 | 55 | 888 | 7 500 | 0.3 | 183 200 | .. | .. |
| Burkina Faso | 274.0 | 12.1 | 43 | 18 | 12 506 | 16 | 622 | 1 300 | 0.0 | 54 500 | .. | .. |
| Burundi | 27.8 | 7.2 | 42 | 10 | 14 480 | .. | .. | 1 400 | .. | .. | .. | .. |
| Central African Republic | 623.0 | 3.9 | 42 | 43 | 23 810 | 2.7 | .. | 700 | 7.4 | 46 400 | 2 800 | .. |
| Chad | 1 284.0 | 8.6 | 48 | 25 | 33 400 | 0.8 | .. | 700 | 7.4 | 46 400 | .. | 205 |
| Ethiopia | 1 104.3 | 68.6 | 42 | 17 | 33 297 | 12 | 681 | 27 200 | 93.5 | 1 147 300 | .. | .. |
| Kazakhstan | 2 724.9 | 14.9 | 61 | 56 | 82 980 | 93.9 | 13 597 | 19 600 | 20.8 | 1 009 700 | 4 000 | 21 733 |
| Kyrgyzstan | 199.9 | 5.1 | 65 | 34 | 18 500 | 91.1 | 417 | 4 800 | 4.8 | 205 600 | 600 | 380 |
| Lao People's Democratic Republic | 236.8 | 5.7 | 55 | 21 | 21 716 | 44.5 | .. | 7 100 | 1.9 | 218 700 | 4 600 | 540 |
| Lesotho | 30.4 | 1.8 | 37 | 30 | 5 940 | 18.3 | .. | 200 | .. | .. | .. | .. |
| Macedonia, FYR | 25.7 | 2.1 | 74 | 60 | 8 684 | 63.8 | 699 | 2 300 | 0.1 | 201 000 | .. | 388 |
| Malawi | 118.5 | 11.0 | 38 | 16 | 28 400 | 18.5 | 797 | 4 900 | 1.2 | 108 900 | 700 | .. |
| Mali | 1 240.2 | 11.7 | 41 | 32 | 15 100 | 12.1 | 733 | 700 | 7.4 | 46 400 | 1 815 | .. |
| Moldova, Republic of | 33.8 | 4.2 | 64 | 42 | 12 719 | 86.3 | 1 120 | 4 300 | 0.5 | 179 100 | 424 | 606 |
| Mongolia | 1 566.5 | 2.5 | 66 | 57 | 49 250 | 3.5 | 1 810 | 7 400 | 7.6 | 294 900 | 580 | .. |
| Nepal | 147.2 | 24.7 | 60 | 13 | 15 308 | 30.8 | 59 | 13 000 | 18.9 | 625 400 | .. | .. |
| Niger | 1 267.0 | 11.8 | 46 | 22 | 10 100 | 7.9 | .. | 700 | 7.4 | 46 400 | 300 | .. |
| Paraguay | 406.8 | 5.6 | 71 | 58 | 29 500 | 50.8 | 441 | 10 800 | 0.0 | 313 000 | 3 100 | .. |
| Rwanda | 26.3 | 8.4 | 40 | 7 | 12 000 | 8.3 | .. | .. | .. | .. | .. | .. |
| Swaziland | 17.4 | 1.1 | 43 | 27 | 3 107 | .. | 301 | 2 400 | 0.3 | 89 500 | .. | .. |
| Tajikistan | 143.1 | 6.3 | 66 | 28 | 27 767 | 82.7 | 617 | 7 200 | 6.8 | 412 700 | 200 | 579 |

| | *Surface area (thousands of km²)* | *Population (millions)* | *Life expectancy at birth, total (years)* | *Urban population (percentage of total)* | *Roads, total network (km)* | *Roads paved (percentage of total roads)* | *Rail lines (total route, km)* | *Aircraft departures* | *Air transport, freight (millions of tons per km)* | *Air transport, passengers carried* | *Waterways (km)* | *Pipelines (km)* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Turkmenistan | 488.1 | 4.9 | 64 | 45 | 24 000 | 81.2 | 2 523 | 24 500 | 13.6 | 1 411 900 | 1 300 | 7 944 |
| Uganda | 241.0 | 25.3 | 43 | 15 | 27 000 | 6.7 | 259 | 300 | 23 4 | 39 700 | 300 | .. |
| Uzbekistan | 447.4 | 25.6 | 67 | 37 | 81 600 | 87.3 | 4 126 | 22 300 | 71.0 | 1 465 800 | 1 100 | 10 051 |
| Zambia | 752.6 | 10.4 | 36 | 40 | 91 440 | 22 | 1 273 | 5 200 | 0.0 | 51 000 | 2 250 | 771 |
| Zimbabwe | 390.8 | 13.1 | 39 | 37 | 18 338 | 47.4 | 3 077 | 4 000 | 18.5 | 200 900 | .. | 261 |
| **All landlocked developing countries** | **16 313.3** | **319.1** | **49** | **28** | **832 909** | **42.3** | **40 571** | **219 100** | **379.7** | **10 978 300** | **35 269** | **60 885** |

*Sources*: World Bank, *World Bank Development Indicators 2005*; and Central Intelligence Agency, *World Factbook 2005* (pipelines and waterways).
*Note*: Two dots (..) signify that data are not available.

Table 2

**GDP per capita, growth of GDP per capita and inward foreign direct investment, landlocked and transit developing countries and developing countries as a whole, 2000-2003**

| | *GDP per capita (United States dollars)* | | | | *GDP per capita growth (annual percentage)* | | | | *Inward foreign direct investment (millions of United States dollars)* | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *2000* | *2001* | *2002* | *2003* | *2000* | *2001* | *2002* | *2003* | *2000* | *2001* | *2002* | *2003* |
| Afghanistan | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Armenia | 614 | 678 | 773 | 884 | 7.1 | 10.5 | 13.9 | 14.4 | 124 | 88 | 150 | 155 |
| Azerbaijan | 655 | 714 | 784 | 865 | 10.2 | 9.1 | 9.7 | 10.4 | 130 | 227 | 1 392 | 3 285 |
| Bhutan | 606 | 630 | 654 | 680 | 3.9 | 4.0 | 3.8 | 3.9 | .. | .. | .. | .. |
| Bolivia | 1 009 | 1 004 | 1 012 | 1 017 | 0.3 | -0.4 | 0.8 | 0.5 | 822 | 832 | 1 044 | 160 |
| Botswana | 3 135 | 3 260 | 3 372 | 3 532 | 5.8 | 4.0 | 3.4 | 4.8 | 57 | 31 | 405 | 86 |
| Burkina Faso | 231 | 238 | 243 | 253 | -0.9 | 3.3 | 1.9 | 4.1 | 23 | 8 | 9 | 11 |
| Burundi | 100 | 101 | 103 | 100 | -2.8 | 1.3 | 2.5 | -3.1 | 12 | .. | .. | .. |
| Central African Republic | 256 | 257 | 251 | 229 | 1.1 | 0.2 | -2.2 | -8.8 | .. | 5 | 6 | 4 |
| Chad | 177 | 189 | 201 | 218 | -3.6 | 6.7 | 6.7 | 8.2 | 116 | 453 | 1 030 | 837 |
| Ethiopia | 102 | 108 | 109 | 102 | 3.5 | 6.4 | 0.5 | -5.6 | 135 | 20 | 75 | 60 |
| Kazakhstan | 1 215 | 1 393 | 1 533 | 1 673 | 11.5 | 14.6 | 10.1 | 9.2 | 1 283 | 2 835 | 2 590 | 2 068 |
| Kyrgyzstan | 279 | 291 | 288 | 305 | 4.4 | 4.5 | -1.0 | 5.7 | -2 | 5 | 5 | 25 |
| Lao People's Democratic Republic | 324 | 335 | 343 | 352 | 3.4 | 3.3 | 2.6 | 2.6 | 34 | 24 | 25 | 19 |
| Lesotho | 493 | 504 | 518 | 530 | 0.3 | 2.2 | 2.9 | 2.4 | 31 | 28 | 27 | 42 |
| Macedonia, FYR | 1 770 | 1 683 | 1 695 | 1 740 | 4.1 | -4.9 | 0.7 | 2.7 | 175 | 442 | 78 | 95 |
| Malawi | 166 | 154 | 154 | 157 | -1.0 | -6.9 | -0.3 | 2.3 | 26 | 19 | 6 | 23 |
| Mali | 223 | 245 | 249 | 258 | 0.8 | 9.4 | 1.9 | 3.5 | 78 | 104 | 102 | 129 |
| Moldova, Republic of | 301 | 320 | 346 | 370 | 2.3 | 6.3 | 8.2 | 6.7 | 134 | 146 | 117 | 58 |
| Mongolia | 395 | 395 | 406 | 424 | 0.2 | 0.1 | 2.9 | 4.3 | 54 | 43 | 78 | 132 |
| Nepal | 238 | 246 | 239 | 241 | 3.6 | 3.1 | -2.8 | 0.8 | .. | 21 | 2 | 30 |
| Niger | 167 | 174 | 174 | 178 | -4.6 | 3.8 | -0.1 | 2.3 | 9 | 26 | 8 | 31 |
| Paraguay | 1 465 | 1 471 | 1 405 | 1 407 | -2.5 | 0.4 | -4.4 | 0.1 | 104 | 85 | 11 | 82 |
| Rwanda | 235 | 244 | 259 | 260 | 3.0 | 3.7 | 6.3 | 0.3 | 8 | 4 | 7 | 5 |
| Swaziland | 1 336 | 1 330 | 1 350 | 1 358 | -0.5 | -0.4 | 1.5 | 0.6 | 91 | 51 | 47 | 44 |

| | *GDP per capita (United States dollars)* | | | | *GDP per capita growth (annual percentage)* | | | | *Inward foreign direct investment (millions of United States dollars)* | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *2000* | *2001* | *2002* | *2003* | *2000* | *2001* | *2002* | *2003* | *2000* | *2001* | *2002* | *2003* |
| **Tajikistan** | 160 | 175 | 190 | 208 | 7.7 | 9.6 | 8.5 | 9.5 | 24 | 9 | 36 | 32 |
| **Turkmenistan** | 614 | 728 | 859 | 989 | 16.6 | 18.5 | 18.0 | 15.2 | 126 | 170 | 100 | 100 |
| **Uganda** | 253 | 261 | 271 | 277 | 2.3 | 3.1 | 3.9 | 1.9 | 275 | 229 | 249 | 283 |
| **Uzbekistan** | 558 | 574 | 591 | 610 | 2.7 | 2.9 | 2.9 | 3.1 | 75 | 83 | 65 | 70 |
| **Zambia** | 328 | 337 | 342 | 354 | 1.5 | 3.0 | 1.6 | 3.5 | 122 | 72 | 82 | 100 |
| **Zimbabwe** | 570 | 513 | 479 | .. | -6.7 | -9.8 | -6.7 | .. | 23 | 4 | 26 | 20 |
| **Landlocked developing countries** | **474** | **485** | **498** | **495** | **2.3** | **3.4** | **2.2** | **1.5** | **4 087** | **6 064** | **7 772** | **7 987** |
| **Transit developing countries** | **966** | **983** | **1 010** | **1 061** | **4.1** | **3.6** | **4.0** | **6.2** | **103 233** | **102 821** | **88 713** | **84 558** |
| **Developing countries** | **1 199** | **1 216** | **1 241** | **1 289** | **3.8** | **1.4** | **2.0** | **3.9** | **249 764** | **215 542** | **152 495** | **165 130** |

*Sources*: World Bank, *World Bank Development Indicators 2005* (GDP per capita); and UNCTAD, *UNCTAD Handbook of Statistics, 2004* (inward FDI).
*Note*: Two dots (..) signify that data are not available.

**Table 3**
**ODA receipts and debt sustainability, landlocked and transit developing countries and developing countries as a whole, 2000-2003**

| | *Net ODA receipts (millions of United States dollars)* | | | | *ODA/GNI (percentage)* | *Total external debt to exports of merchandise (percentage)* | | | | *Total external debt to GDP (percentage)* | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *2000* | *2001* | *2002* | *2003* | *2002* | *2000* | *2001* | *2002* | *2003* | *2000* | *2001* | *2002* | *2003* |
| **Afghanistan** | 141 | 408 | 1 285 | 1 533 | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| **Armenia** | 216 | 198 | 293 | 247 | 11.95 | 312 | 277 | 206 | 166 | 48 | 45 | 44 | 40 |
| **Azerbaijan** | 139 | 232 | 349 | 297 | 5.97 | 73 | 55 | 68 | 65 | 24 | 22 | 24 | 24 |
| **Bhutan** | 53 | 61 | 73 | 77 | 13.72 | 198 | 250 | 350 | 391 | 42 | 50 | 63 | 61 |
| **Bolivia** | 475 | 735 | 681 | 930 | 8.97 | 470 | 365 | 385 | 361 | 69 | 58 | 64 | 72 |
| **Botswana** | 31 | 29 | 38 | 30 | 0.75 | 17 | 16 | 19 | 17 | 9 | 8 | 9 | 7 |
| **Burkina Faso** | 336 | 392 | 473 | 451 | 14.79 | 697 | 658 | 688 | 566 | 56 | 55 | 51 | 44 |
| **Burundi** | 93 | 137 | 172 | 224 | 24.19 | 2 206 | 2 743 | 4 014 | 3 447 | 163 | 155 | 192 | 220 |
| **Central African Republic** | 75 | 67 | 60 | 50 | 5.75 | 533 | 579 | 724 | 1 544 | 90 | 85 | 102 | 111 |
| **Chad** | 131 | 187 | 229 | 247 | 11.62 | 612 | 586 | 695 | 498 | 81 | 66 | 64 | 57 |
| **Ethiopia** | 693 | 1 116 | 1 307 | 1 504 | 21.71 | 1 128 | 1 259 | 1 357 | 1 159 | 84 | 88 | 108 | 108 |
| **Kazakhstan** | 189 | 148 | 188 | 268 | 0.80 | 141 | 172 | 178 | 177 | 68 | 67 | 70 | 77 |
| **Kyrgyzstan** | 215 | 189 | 186 | 198 | 12.05 | 362 | 361 | 381 | 347 | 133 | 113 | 115 | 106 |
| **Lao People's Democratic Republic** | 282 | 245 | 278 | 299 | 16.22 | 758 | 754 | 894 | 753 | 146 | 143 | 155 | 134 |
| **Lesotho** | 37 | 56 | 76 | 79 | 8.73 | 305 | 212 | 180 | 148 | 78 | 78 | 89 | 62 |
| **Macedonia, FYR** | 252 | 248 | 276 | 234 | 7.33 | 110 | 127 | 150 | 136 | 41 | 43 | 44 | 39 |
| **Malawi** | 446 | 404 | 377 | 498 | 20.23 | 717 | 580 | 716 | 645 | 159 | 153 | 155 | 183 |
| **Mali** | 360 | 354 | 467 | 528 | 15.04 | 541 | 402 | 320 | 336 | 123 | 111 | 85 | 72 |
| **Moldova** | 123 | 122 | 142 | 117 | 7.82 | 360 | 288 | 273 | 217 | 131 | 111 | 109 | 97 |
| **Mongolia** | 217 | 212 | 208 | 247 | 18.62 | 192 | 198 | 231 | 278 | 95 | 87 | 93 | 116 |
| **Nepal** | 390 | 394 | 365 | 467 | 6.66 | 354 | 369 | 523 | 491 | 52 | 49 | 53 | 56 |
| **Niger** | 211 | 257 | 298 | 453 | 13.84 | 596 | 584 | 645 | 624 | 94 | 82 | 83 | 77 |
| **Paraguay** | 82 | 61 | 57 | 51 | 1.01 | 357 | 285 | 254 | 216 | 40 | 41 | 53 | 53 |
| **Rwanda** | 322 | 299 | 355 | 332 | 20.50 | 2 448 | 1 512 | 2 566 | 2 800 | 70 | 75 | 84 | 94 |
| **Swaziland** | 13 | 29 | 22 | 27 | 1.82 | 33 | 29 | 36 | 35 | 21 | 24 | 29 | 22 |

| | Net ODA receipts (millions of United States dollars) | | | | ODA/GNI (percentage) | Total external debt to exports of merchandise (percentage) | | | | Total external debt to GDP (percentage) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2000 | 2001 | 2002 | 2003 | 2002 | 2000 | 2001 | 2002 | 2003 | 2000 | 2001 | 2002 | 2003 |
| Tajikistan | 125 | 170 | 168 | 144 | 14.82 | 133 | 162 | 176 | 140 | 104 | 97 | 92 | 75 |
| Turkmenistan | 32 | 72 | 41 | 27 | 0.89 | .. | .. | .. | .. | .. | .. | .. | .. |
| Uganda | 819 | 793 | 638 | 959 | 11.23 | 760 | 818 | 901 | 810 | 59 | 66 | 68 | 72 |
| Uzbekistan | 186 | 153 | 189 | 194 | 1.98 | 142 | 148 | 160 | 135 | 33 | 42 | 49 | 50 |
| Zambia | 795 | 349 | 641 | 560 | 18.09 | 860 | 576 | 643 | 624 | 177 | 156 | 162 | 148 |
| Zimbabwe | 178 | 164 | 201 | 186 | .. | 198 | 297 | 167 | 189 | 53 | 40 | 22 | .. |
| **Landlocked developing countries** | **7 655** | **8 283** | **10 134** | **11 458** | **7.56** | **225** | **231** | **238** | **221** | **61** | **60** | **59** | **67** |
| **Transit countries** | **15 796** | **16 734** | **19 954** | **21 476** | **0.60** | **173** | **169** | **155** | **131** | **33** | **33** | **35** | **32** |
| **Developing countries** | **50 327** | **52 153** | **60 479** | **70 087** | **1.16** | **112** | **118** | **115** | **106** | **37** | **36** | **37** | **36** |

*Sources*: OECD, statistical annex to *2004 Development Cooperation Report* (net ODA receipts, ODA/GNI); UNCTAD, *Handbook of Statistics, 2004* (exports of merchandise); World Bank, *World Development Indicators 2005* (external debt, GDP).

*Note*: Two dots (..) signify that data are not available.

Table 4
**Exports and imports of merchandise, landlocked and transit developing countries and developing countries as a whole, 2000-2003**

| | *Exports of merchandise* | | | | | | | | *Imports of merchandise* | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *Millions of United States dollars* | | | | *Percentage of GDP* | | | | *Millions of United States dollars* | | | | *Percentage of GDP* | | | |
| | *2000* | *2001* | *2002* | *2003* | *2000* | *2001* | *2002* | *2003* | *2000* | *2001* | *2002* | *2003* | *2000* | *2001* | *2002* | *2003* |
| **Afghanistan** | 186 | 113 | 101 | 204 | 6.9 | 4.2 | 2.5 | 4.3 | 550 | 551 | 950 | 1 236 | 20.4 | 20.6 | 23.7 | 26.3 |
| **Armenia** | 294 | 343 | 507 | 678 | 15.4 | 16.2 | 21.3 | 24.2 | 882 | 874 | 991 | 1 269 | 46.1 | 41.3 | 41.7 | 45.2 |
| **Azerbaijan** | 1 745 | 2 314 | 2 168 | 2 592 | 33.1 | 40.5 | 34.8 | 36.3 | 1 172 | 1 431 | 1 500 | 2 626 | 22.2 | 25.1 | 24.1 | 36.8 |
| **Bhutan** | 103 | 106 | 108 | 108 | 21.1 | 19.8 | 17.9 | 15.5 | 203 | 191 | 165 | 171 | 41.6 | 35.7 | 27.3 | 24.6 |
| **Bolivia** | 1 230 | 1 285 | 1 299 | 1 573 | 14.7 | 16.0 | 16.7 | 20.0 | 1 830 | 1 708 | 1 770 | 1 613 | 21.8 | 21.3 | 22.7 | 20.5 |
| **Botswana** | 2 712 | 2 449 | 2 510 | 3 037 | 51.6 | 47.2 | 46.5 | 40.3 | 2 469 | 1 809 | 1 950 | 2 182 | 47.0 | 34.9 | 36.2 | 29.0 |
| **Burkina Faso** | 209 | 234 | 237 | 326 | 8.0 | 8.3 | 7.4 | 7.8 | 611 | 656 | 739 | 855 | 23.5 | 23.3 | 23.1 | 20.4 |
| **Burundi** | 50 | 39 | 30 | 38 | 7.4 | 5.7 | 4.8 | 6.4 | 148 | 139 | 129 | 157 | 21.8 | 20.2 | 20.5 | 26.4 |
| **Central African Republic** | 161 | 142 | 147 | 86 | 16.9 | 14.7 | 14.1 | 7.2 | 117 | 107 | 120 | 117 | 12.3 | 11.1 | 11.5 | 9.8 |
| **Chad** | 183 | 189 | 185 | 301 | 13.2 | 11.3 | 9.2 | 11.5 | 315 | 679 | 997 | 826 | 22.7 | 40.7 | 49.7 | 31.7 |
| **Ethiopia** | 486 | 455 | 480 | 617 | 7.4 | 7.0 | 7.9 | 9.3 | 1 262 | 1 815 | 1 666 | 2 665 | 19.3 | 27.9 | 27.5 | 40.1 |
| **Kazakhstan** | 8 812 | 8 639 | 9 709 | 12 900 | 48.2 | 39.0 | 39.4 | 43.4 | 5 040 | 6 446 | 6 584 | 8 327 | 27.6 | 29.1 | 26.7 | 28.0 |
| **Kyrgyzstan** | 505 | 476 | 486 | 582 | 36.9 | 31.2 | 30.3 | 30.5 | 554 | 467 | 587 | 717 | 40.4 | 30.6 | 36.6 | 37.6 |
| **Lao People's Democratic Republic** | 330 | 331 | 298 | 378 | 19.3 | 18.9 | 17.3 | 17.8 | 535 | 528 | 431 | 524 | 31.3 | 30.2 | 25.1 | 24.7 |
| **Lesotho** | 220 | 282 | 365 | 477 | 25.6 | 36.7 | 49.5 | 41.9 | 728 | 681 | 785 | 1 021 | 84.7 | 88.7 | 106.5 | 89.6 |
| **Macedonia, FYR** | 1 319 | 1 154 | 1 112 | 1 351 | 36.8 | 33.6 | 29.3 | 29.0 | 2 085 | 1 676 | 1 928 | 2 241 | 58.1 | 48.8 | 50.9 | 48.0 |
| **Malawi** | 379 | 449 | 407 | 486 | 22.2 | 26.3 | 21.6 | 28.4 | 532 | 563 | 695 | 647 | 31.2 | 33.0 | 37.0 | 37.8 |
| **Mali** | 551 | 725 | 885 | 930 | 22.7 | 27.6 | 26.5 | 21.5 | 592 | 735 | 745 | 1 130 | 24.4 | 27.9 | 22.3 | 26.1 |
| **Moldova, Republic of** | 471 | 570 | 660 | 875 | 36.5 | 38.5 | 39.7 | 44.6 | 776 | 897 | 1 038 | 1 351 | 60.2 | 60.6 | 62.5 | 68.8 |
| **Mongolia** | 466 | 448 | 448 | 529 | 49.2 | 44.1 | 40.1 | 41.5 | 615 | 630 | 680 | 777 | 65.0 | 62.0 | 60.8 | 61.0 |
| **Nepal** | 804 | 737 | 568 | 662 | 14.6 | 13.2 | 10.2 | 11.3 | 1 573 | 1 473 | 1 419 | 1 754 | 28.6 | 26.4 | 25.5 | 30.0 |
| **Niger** | 283 | 272 | 279 | 339 | 15.7 | 14.0 | 12.9 | 12.4 | 393 | 370 | 400 | 551 | 21.9 | 19.0 | 18.4 | 20.2 |
| **Paraguay** | 869 | 990 | 1 164 | 1 487 | 11.3 | 14.5 | 21.0 | 24.7 | 2 050 | 1 989 | 2 085 | 2 528 | 26.5 | 29.0 | 37.6 | 41.9 |
| **Rwanda** | 52 | 85 | 56 | 55 | 2.9 | 5.0 | 3.3 | 3.4 | 211 | 250 | 203 | 210 | 11.7 | 14.7 | 11.9 | 12.8 |
| **Swaziland** | 910 | 1 054 | 937 | 1 149 | 65.2 | 81.6 | 79.0 | 62.3 | 1 046 | 1 129 | 983 | 1 060 | 74.9 | 87.4 | 82.9 | 57.4 |
| **Tajikistan** | 780 | 652 | 650 | 832 | 78.7 | 59.9 | 52.6 | 53.6 | 696 | 711 | 724 | 1 014 | 70.2 | 65.3 | 58.6 | 65.3 |

| | *Exports of merchandise* | | | | | | | | *Imports of merchandise* | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *Millions of United States dollars* | | | | *Percentage of GDP* | | | | *Millions of United States dollars* | | | | *Percentage of GDP* | | | |
| | *2000* | *2001* | *2002* | *2003* | *2000* | *2001* | *2002* | *2003* | *2000* | *2001* | *2002* | *2003* | *2000* | *2001* | *2002* | *2003* |
| Turkmenistan | 2 333 | 1 850 | 2 016 | 2 465 | 81.8 | 53.7 | 43.8 | 39.8 | 1 014 | 1 150 | 1 037 | 1 242 | 35.5 | 33.4 | 22.5 | 20.0 |
| Uganda | 460 | 456 | 443 | 562 | 7.8 | 8.0 | 7.6 | 8.9 | 1 536 | 1 594 | 1 111 | 1 252 | 26.1 | 28.1 | 19.0 | 19.9 |
| Uzbekistan | 3 217 | 3 255 | 2 965 | 3 710 | 23.4 | 28.5 | 30.6 | 37.3 | 3 247 | 3 287 | 2 899 | 3 585 | 23.6 | 28.8 | 29.9 | 36.0 |
| Zambia | 666 | 985 | 930 | 1 029 | 20.6 | 27.1 | 25.2 | 23.7 | 993 | 1 307 | 1 253 | 1 267 | 30.7 | 35.9 | 33.9 | 29.2 |
| Zimbabwe | 1 925 | 1 207 | 2 327 | 2 354 | 26.7 | 13.3 | 13.1 | .. | 1 810 | 1 739 | 2 829 | 3 451 | 25.1 | 19.2 | 15.9 | .. |
| **Landlocked developing countries** | **32 711** | **32 286** | **34 477** | **42 712** | **27.1** | **25.8** | **24.8** | **30.2** | **35 585** | **37 582** | **39 393** | **48 366** | **29.5** | **30.1** | **28.4** | **34.2** |
| **Transit developing countries** | **660 629** | **670 097** | **753 602** | **956 900** | **19.2** | **19.7** | **22.4** | **24.7** | **631 135** | **635 326** | **689 026** | **896 134** | **18.3** | **18.7** | **20.5** | **23.2** |
| **Developing countries** | **2 034 820** | **1 908 835** | **2 038 639** | **2 410 871** | **33.3** | **30.8** | **32.3** | **33.8** | **1 900 383** | **1 804 472** | **1 890 493** | **2 229 506** | **31.1** | **29.1** | **29.9** | **31.3** |

*Sources*: UNCTAD, *Handbook of Statistics, 2004* (exports and imports of merchandise); and World Bank, *World Development Indicators 2005* (GDP).
*Note*: Two dots (..) signify data are not available.

Table 5
**Export structure by main category of products, landlocked developing countries, 2000-2003**

| | | | By main categories of exports (percentage) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Commodities | | | | Manufactured goods | | | | |
| | | | | | | | | of which | | | |
| | Year | Total (millions of US dollars) | All food items | Agricultural raw materials | Fuels | Ores and metals | Manufactured goods | Chemical products | Other manufactured goods | Machinery and transport equipment | Unallocated |
| Afghanistan | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Armenia | 2003 | 668 | 11.8 | 0.7 | 2 | 13.5 | 63.8 | 0.4 | 59.8 | 3.5 | 8.1 |
| Azerbaijan | 2003 | 2 592 | 4.8 | 1.5 | 86 | 2.3 | 5.2 | 2 | 1.8 | 1.4 | 0.1 |
| Bhutan | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Bolivia | 2003 | 1 651 | 29.6 | 2 | 30.1 | 17.7 | 16.1 | 1.2 | 11 | 3.9 | 4.5 |
| Botswana | 2001 | 2 533 | 3.1 | 0.5 | 0.1 | 5.5 | 90.6 | 1.2 | 86.5 | 2.9 | 0.3 |
| Burkina Faso | 2002 | 171 | 19.4 | 61.5 | 0 | 0.1 | 18.3 | 0.6 | 12.3 | 5.5 | 0.7 |
| Burundi | 2002 | 27 | 81.4 | 1.3 | 0 | 3 | 1.7 | 0 | 1.2 | 0.4 | 12.6 |
| Central African Republic | 2001 | 74 | 2.7 | 27.9 | 0.1 | 20.2 | 49 | 0.8 | 46.6 | 1.6 | 0.1 |
| Chad | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Ethiopia | 2003 | 513 | 62 | 25.9 | 0 | 0.7 | 11.4 | 0 | 11.3 | 0 | 0.1 |
| Kazakhstan | 2003 | 12 927 | 6 | 1.3 | 61.2 | 14.1 | 16.4 | 2 | 12.6 | 1.8 | 1.1 |
| Kyrgyzstan | 2003 | 582 | 8.8 | 9.6 | 11.6 | 3.1 | 21.6 | 1.3 | 13 | 7.3 | 45.3 |
| Lao People's Democratic Republic | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Lesotho | 2002 | 358 | 7.1 | 5.1 | 0 | 0.1 | 87.4 | 0.6 | 81.7 | 5.1 | 0.3 |
| Macedonia, FYR | 2003 | 1 363 | 16.8 | 1.2 | 5.4 | 4.7 | 71.7 | 5.1 | 60.8 | 5.9 | 0.2 |
| Malawi | 2002 | 377 | 85.1 | 2.7 | 0 | 0.3 | 11.8 | 0.9 | 10.9 | 0.1 | 0 |
| Mali | 2001 | 519 | 1.6 | 3.7 | 1.9 | 0.1 | 9.2 | 0.6 | 1.9 | 6.7 | 83.5 |
| Moldova, Republic of | 2003 | 790 | 58.3 | 5 | 0.6 | 2.8 | 33.3 | 1.2 | 26.8 | 5.2 | 0.2 |
| Mongolia | 2003 | 616 | 2.4 | 9.8 | 2.3 | 33.3 | 29.3 | 0.1 | 28.3 | 0.9 | 23 |
| Nepal | 2000 | 709 | 9.9 | 0.5 | 0 | 0.2 | 66.7 | 8.5 | 57.7 | 0.5 | 22.7 |
| Niger | 2003 | 206 | 30.4 | 3.6 | 1.6 | 55 | 7.9 | 0.4 | 6.2 | 1.2 | 1.5 |
| Paraguay | 2003 | 1 242 | 76.9 | 8.9 | 0 | 0.4 | 13.7 | 3.2 | 10 | 0.5 | 0 |
| Rwanda | 2003 | 51 | 52.3 | 7.3 | 6.8 | 23.3 | 10.3 | 0.5 | 3.2 | 6.7 | 0 |

| | | | By main categories of exports (percentage) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Commodities | | | | Manufactured goods | | | | |
| | | | | | | | | of which | | | |
| | Year | Total (millions of US dollars) | All food items | Agricultural raw materials | Fuels | Ores and metals | Manufactured goods | Chemical products | Other manufactured goods | Machinery and transport equipment | Unallocated |
| Swaziland | 2002 | 974 | 14.6 | 7.9 | 0.7 | 0.2 | 76.4 | 47.8 | 25 | 3.6 | 0.2 |
| Tajikistan | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Turkmenistan | 2000 | 2 506 | 0.3 | 9.9 | 91 | 0.4 | 6.9 | 0.4 | 5.8 | 0.6 | 1.5 |
| Uganda | 2003 | 165 | 62.8 | 22 | 0.1 | 0.2 | 8.8 | 2 | 3.9 | 3 | 6 |
| Uzbekistan | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Zambia | 2002 | 930 | 9.2 | 2.8 | 2.1 | 63.6 | 19.2 | 1 | 13.3 | 4.9 | 3.1 |
| Zimbabwe | 2002 | 327 | 25 | 10.6 | 1.1 | 19 | 34.8 | 4.1 | 25.9 | 4.8 | 9.5 |

*Source*: UNCTAD, *Handbook of Statistics, 2004*.
*Note*: Two dots (..) signify that data are not available.

Table 6
**Export structure by main region of destination, landlocked developing countries, 2003**
(Percentage)

| | | Developed economies | | | | | | Developing economies | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | World (millions of US dollars) | Total | Europe | United States and Canada | Japan | Others | South-Eastern Europe and CIS | Total | of which OPEC | America | Africa | Western Asia | Other Asia |
| Afghanistan | 218 | 54.2 | 26.9 | 26.4 | 0.8 | 0.1 | 4 | 41.8 | 2.5 | 2.1 | 2.9 | 1.7 | 35.1 |
| Armenia | 552 | 67 | 46.9 | 6.7 | 0.4 | 13.1 | 21.7 | 10.9 | 8.5 | 0.3 | 0 | 8.5 | 1.2 |
| Azerbaijan | 1 973 | 72.3 | 71.5 | 0.6 | 0.1 | 0 | 17.9 | 9.9 | 2.1 | 0.2 | 0.3 | 7.3 | 2 |
| Bhutan | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Bolivia | 1 593 | 34.9 | 21.6 | 11.6 | 1.5 | 0.2 | 0.1 | 64 | 12.2 | 62.4 | 0.1 | 0 | 1.5 |
| Botswana | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Burkina Faso | 242 | 22.5 | 18.7 | 0.4 | 3.5 | 0 | 0.1 | 75.4 | 1.7 | 5.5 | 17.5 | 1.4 | 49.5 |
| Burundi | 43 | 69.9 | 54.7 | 14.7 | 0.4 | 0.1 | 1.3 | 25.8 | 0.2 | 0 | 19.2 | 0.3 | 6.3 |
| Central African Republic | 120 | 82.3 | 79.2 | 1.5 | 1.5 | 0 | 0.1 | 17.6 | 7 | 0.2 | 5.6 | 0.9 | 10.9 |
| Chad | 91 | 77.8 | 53.3 | 24.3 | 0 | 0.2 | 0.1 | 22.1 | 5.7 | 0.6 | 13.7 | 1.6 | 6.2 |
| Ethiopia | 605 | 48.7 | 32.9 | 5.8 | 6.8 | 3.2 | 0.5 | 49 | 7.6 | 0 | 18.1 | 10.5 | 20.3 |
| Kazakhstan | 15 147 | 37.6 | 34 | 2.5 | 0.9 | 0.1 | 24.2 | 36.8 | 6.4 | 17.2 | 0.3 | 7.2 | 12.1 |
| Kyrgyzstan | 582 | 32.1 | 25.6 | 6.4 | 0 | 0 | 35.2 | 32.7 | 25.2 | 0 | 0 | 27.2 | 5.5 |
| Lao People's Democratic Republic | 455 | 31.7 | 28.3 | 1.8 | 1.5 | 0.1 | 0.1 | 40.9 | 0.7 | 0.1 | 0.1 | 0.1 | 40.5 |
| Lesotho | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Macedonia, FYR | 962 | 80.1 | 73.3 | 6.3 | 0.3 | 0.2 | 15.7 | 4.1 | 0.5 | 0.2 | 0.7 | 1.8 | 1.4 |
| Malawi | 576 | 57.8 | 38.6 | 13.3 | 4.4 | 1.6 | 5.6 | 36.3 | 0.6 | 0.4 | 32.4 | 1 | 2.2 |
| Mali | 212 | 33 | 30.9 | 1.5 | 0.1 | 0.4 | 0.3 | 62.9 | 3.7 | 0.7 | 12.9 | 0.1 | 49.2 |
| Moldova, Republic of | 790 | 32 | 27 | 4.8 | 0 | 0.1 | 66 | 2 | 0 | 0 | 0.1 | 1.8 | 0.2 |
| Mongolia | 553 | 39.7 | 4.3 | 34.2 | 1.1 | 0.1 | 7.4 | 52.9 | 0.3 | 0 | .. | 0.6 | 52.2 |
| Nepal | 651 | 43.7 | 15.3 | 27.1 | 1 | 0.3 | 0 | 54 | 0 | 0 | 0 | 0.4 | 53.6 |
| Niger | 180 | 64.6 | 47 | 0.2 | 17.2 | .. | .. | 35.4 | 29.2 | 0 | 35.2 | .. | 0.2 |
| Paraguay | 1 698 | 23.8 | 18.5 | 3.8 | 1.5 | 0.1 | 0.2 | 76 | 1.1 | 61 | 0.7 | 2.2 | 2.8 |
| Rwanda | 158 | 13.1 | 11.2 | 1.7 | 0.2 | 0 | 4.5 | 50.2 | 37.9 | 0 | 2.4 | 0.1 | 47.7 |
| Swaziland | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |

| | World (millions of US dollars) | Developed economies | | | | | South-Eastern Europe and CIS | Developing economies | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Total | Europe | United States and Canada | Japan | Others | | Total | of which OPEC | America | Africa | Western Asia | Other Asia |
| **Tajikistan** | 791 | 49.9 | 49.7 | 0.1 | 0.1 | .. | 17.6 | 32.5 | 6.6 | .. | 0 | 31.1 | 1.4 |
| **Turkmenistan** | 3 442 | 22.3 | 20.6 | 1.7 | 0 | .. | 42.1 | 27.8 | 17.5 | 1.3 | 0 | 24.1 | 2.4 |
| **Uganda** | 388 | 82.4 | 68.2 | 9.8 | 2.4 | 2 | 1.9 | 15.7 | 1.2 | 0.2 | 5.3 | 0.3 | 9.8 |
| **Uzbekistan** | 1 914 | 29.2 | 20.1 | 4.6 | 4.4 | 0.2 | 41.5 | 29.3 | 2.3 | 0 | 0.3 | 7.4 | 21.6 |
| **Zambia** | 996 | 24.8 | 17.2 | 1.2 | 6.2 | 0.2 | 0.2 | 75 | 0.1 | 7.7 | 48.4 | 0 | 18.9 |
| **Zimbabwe** | 2 721 | 27.5 | 20.1 | 2.3 | 4.7 | 0.4 | 2 | 19.7 | 0.3 | 0.5 | 10.2 | 0.7 | 8.3 |

*Source*: UNCTAD, *Handbook of Statistics, 2004*.

*Note*: Two dots (..) signify that data are not available. CIS = Commonwealth of Independent States; OPEC = Organization of the Petroleum Exporting Countries.

2. The weak economic performance of landlocked developing countries reflects the direct and indirect impact of geographical factors on key macroeconomic variables. Their seaborne trade unavoidably depends on transit through other countries. Additional border crossings and the long distance from major markets, coupled with cumbersome procedures and inadequate infrastructure, substantially increase the total expenses for the transport services that erode the competitive edge of landlocked developing countries. For example, figures provided by the United Nations Conference on Trade and Development (UNCTAD) show that in 2001 the total freight costs of African landlocked countries as a proportion of import value was 20.7 per cent, a figure that is four times higher than the average for developed economies (5.1 per cent) and almost twice the average for African developing countries (12.7 per cent). The United Nations Millennium Project report entitled *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals*[1] concluded that geographical conditions made the poverty trap more likely.

3. To address these constraints, the Almaty Programme of Action: Addressing the Special Needs of Landlocked Developing Countries within a New Global Framework for Transit Transport Cooperation for Landlocked and Transit Developing Countries[2] identified specific actions in five priority areas to secure access for landlocked developing countries to world markets by all means of transport; to reduce trade transaction costs so as to increase the competitiveness of their exports; to eliminate bottlenecks that cause delays, loss and damage en route; and to open the way for export expansion. The focused agenda and the balance of interests of landlocked and transit developing countries make the Almaty Programme of Action both measurable and implementable.

4. In paragraph 16 of its resolution 59/245 of 22 December 2004, the General Assembly requested the Secretary-General to submit to the Assembly at its sixtieth session a report on the progress made in the implementation of the Almaty Programme of Action. In the preparation of the present report, States Members of the United Nations, organs and organizations of the United Nations system and relevant international, regional and subregional organizations were approached for their inputs. Their submissions served as the source of information on their activities.

# II. Specific actions undertaken for the implementation of the Almaty Programme of Action

## Priority one: Fundamental transit policy issues

5. The Almaty Programme of Action (para. 11) called for landlocked and transit developing countries to review and revise their regulatory frameworks, where necessary, to allow greater participation of the private sector; to increase transparency of transit and border regulations; to establish streamlined administrative procedures; and to further simplify border control and procedures. The Almaty Programme of Action also underscored the importance of regional and subregional collaborative efforts. Several developments have been reported in this regard. Particularly, regional and subregional organizations in Africa have been active in establishing efficient transit transport systems.

6. Azerbaijan adopted regulations on transit cargo in the national Customs Code. Also, the effective implementation of the Basic Multilateral Agreement on International Transport for Development of the Europe-Caucasus-Asia Corridor (TRACECA)[3] has contributed to the fact that the level of transit traffic through this corridor in 2004 was 2.5 times that in 1999. Azerbaijan has acceded to the International Convention on the Simplification and Harmonization of Customs Procedures. The Government has also taken steps towards trade liberalization, including abolition of export licensing, reduction of tariffs to the level of 0-15 per cent and liberalization of currency transactions.

7. By Decree 110 of 4 May 2004, the Government of Chile approved the regulations governing the use of free warehouse space for goods of Paraguay. Thus, goods in transit to and from Paraguay can now remain in storage without payment of duties, taxes and other levies for up to 180 days, extendable for a further 90 days. Regular high-level bilateral consultations between Chile and Bolivia include the issues related to a free transit regime.

8. The Government of Georgia committed to establishing an efficient transit transport system for its landlocked neighbours. In particular, in accordance with the New Tax Code of Georgia, which came into force in 2005, the road tax fund was abolished with a view to reducing transit traffic costs for neighbouring landlocked States and attracting more transit traffic.

9. The Islamic Republic of Iran pursued a policy to further expand its transit services to neighbouring landlocked countries. Measures to improve the transit transport system included renovation of the transport fleet, development of transit roads, promotion of road safety, simplification of documentation and regulations, development and completion of border terminals and active participation in international and regional cooperative schemes.

10. Kazakhstan has signed or ratified the European Agreement on Main International Traffic Arteries;[4] the European Agreement on Important International Combined Transport Lines and Related Installations;[5] the Convention on Road Traffic;[6] the Convention on Road Signs and Signals;[7] the European Agreement concerning the Work of Crews of Vehicles Engaged in International Road Transport;[8] the Convention on the Contract for the International Carriage of Goods by Road;[9] the Convention relating to the Unification of Certain Rules concerning Collisions in Inland Navigation;[10] the Customs Convention on the International Transport of Goods under Cover of TIR Carnets;[11] the European Agreement concerning the International Carriage of Dangerous Goods by Road;[12] and the Agreement on the International Carriage of Perishable Foodstuffs and on the Special Equipment to be Used for such Carriage.[13] To encourage transit traffic through its territory, the Government of Kazakhstan effected a reduction in transit traffic charges by 30-40 per cent in 2004, which resulted in a 20 per cent increase in transit traffic through its territory.

11. The Government of the Philippines made efforts to implement the Almaty Programme of Action within the framework of the Association of Southeast Asian Nations (ASEAN). ASEAN member countries have concluded nine regional transport agreements since late 1998 on the mutual recognition of commercial vehicle inspection certificates; ASEAN highway network development; transit facilitation for goods in transit (with five technical protocols); and air freight service liberalization.

12. The African Development Bank Group promoted policies and strategies aimed at increasing the efficiency, productivity and capacity of African regional transport corridors that would boost international trade. The Bank Group supported projects aimed at harmonizing international transport policies and procedures, standardizing facilities and services, and harnessing modern technologies. The Bank Group played a leading role in the preparation and implementation of the New Partnership for Africa's Development (NEPAD)[14] Short-term Action Plan for infrastructure development in Africa.

13. The Economic Commission for Europe (ECE) has developed a framework for intergovernmental cooperation and a set of international instruments aimed at the facilitation and development of international transport through simplified and harmonized border-crossing procedures. The main results of this work were reflected in 55 international agreements and conventions, developed under the auspices of ECE, which provide the international legal and technical standards for road, rail, inland waterway and combined transport.

14. The Economic Commission for Africa (ECA) participated in the implementation of the Almaty Programme of Action through its work programme and the Sub-Saharan Africa Transport Programme. ECA and the Transport Programme were instrumental in the setting up of the Regional Economic Communities (RECs) Transport Coordination Committee in February 2005 to ensure proper coordination. ECA, the African Union and the Transport Programme jointly organized a meeting of African Ministers of Transport and Infrastructure in April 2005 to endorse African transport-related targets and indicators that would help member States achieve the Millennium Development Goals.

15. ECA, the Economic Community of West African States (ECOWAS) and the Central African Economic and Monetary Community organized the Third Meeting of the Coordination and Monitoring Committee for the Implementation of the Yamoussoukro Decision on the Liberalization of Air Transport in West and Central Africa in Libreville, Gabon, from 29 November to 2 December 2004. ECA highlighted negative impacts of high transit transport costs, numerous roadblocks and customs-supervised convoys in the *Economic Report on Africa 2004: Unlocking Africa's Trade Potential*[15] and *Assessing Regional Integration in Africa: ECA Policy Research Report*.[16] ECA has undertaken a study on best practices related to commercialization, and privatization of rail, air, road and maritime transport.

16. The Economic and Social Commission for Asia and the Pacific (ESCAP) initiated a trade/transport facilitation project designed to set up a consultative mechanism through which key stakeholders involved in international trade and transport could agree on trade facilitation policy measures. Kazakhstan, Kyrgyzstan, the Lao People's Democratic Republic, Mongolia, Tajikistan and Uzbekistan, and their immediate transit neighbours, are beneficiaries of the project.

17. The International Telecommunication Union (ITU) has undertaken activities to promote universal access to e-applications and services, including e-government projects in Azerbaijan, Kyrgyzstan and Uzbekistan, and e-commerce projects in many landlocked countries. Efforts focused on building capacity in these countries, including the establishment of Internet training centres for e-learning and strengthening regulatory and policy frameworks.

18. The Economic Community of the Great Lakes Countries (CEPGL) reported that transit traffic was a priority area for cooperation, as two Economic Community member States, Burundi and Rwanda, were landlocked. The transit transport policy of the Economic Community aimed at establishing more affordable and reliable transport systems. The Economic Community continued to pursue a policy to establish alternative transit routes to the northern and central transit corridors currently used by the Great Lakes countries and, in particular, continued its efforts to develop a transit route from Mbarara in Uganda to Kigali through Kagitumba (on the border between Uganda and Rwanda) and Kayonsa. The multimodal corridor using Lake Victoria will also be linked to the Economic Community countries either by a rail link from the ferry terminal at Kemondo Bay to Rusumo, or by the inland waterway from Kagera to Kagitumba. The Economic Community countries were also promoting a multimodal corridor Isaka-Dar es Salaam-Nyanza by rail and Isaka-Lusahunga-Nyakahura-Ruhigi towards Burundi and from Isaka, through Lusahunga and Rusumo, by road towards Rwanda. The development of a northern Democratic Republic of the Congo route to the Atlantic Ocean passing through Bukavu to Kisangani (by road), then to Kinshasa (by waterway) and on to Matadi (by rail/road) has been also pursued by the Economic Community.

19. The Central African Economic and Monetary Community has a main road network of 57,538 kilometres (km) and a railway network of 2,552 km, navigable waterways of 2,350 km, 9 ports and 11 international airports. Reduction of transit transport costs was the priority objective of cooperation among Economic and Monetary Community member States with a view to accelerating the integration of the region into the international trading system and world economy. Trade facilitation measures promoted by the Economic and Monetary Community included, inter alia, promotion of relevant international, regional and bilateral agreements in transit transport, establishment of regional and national transport and trade facilitation committees and standing committees for transit corridor management, development of adjacent border-crossing ports, interconnection of the customs computing systems, multimodal transport, and the establishment of observatories for transit corridors. The road transport services have been broadly liberalized.

## Priority two: Infrastructure development and maintenance

20. The Almaty Programme of Action stipulates that inadequate infrastructure is a major obstacle to establishing efficient transit transport systems. The deterioration of transport infrastructure is a general problem. Communication facilities are required to ensure advance knowledge of transport service availabilities and smooth and speedy transit. Addressing these needs will involve considerable investment from national resources, international development assistance and public-private partnerships as well as capacity-building and institutional and policy reform.

21. The Islamic Republic of Iran has a railway network of more than 7,000 km and 170,000 km of roads. In 2004, about 110,000 Iranian trucks transported goods bound for Central Asian countries and Afghanistan. The Islamic Republic of Iran's section of the Asian Highway Network encompasses approximately 11,000 km of roads. More than 3,300 km of railway was under construction.

22. The Government of Kazakhstan allocated about 42 billion tenge in 2004 for the development of road infrastructure. Under the road development programme for the period 2006-2012, there will be construction of the Tashkent-Shymkent-Taraz-Almaty-Korgaz corridor; the Kazakh sections of the Almaty-Karaganda-Astana-Petropavlovsk and Astrakhan-Atyrau-Aktau-Turkmenistan corridors; and the section of the Shymkent-Kyzylorda-Aktobe-Uralsk-Samara and Omsk-Pavlodar-Semipalatinsk-Maikapchagai corridors.

23. Nepal's tenth Five-year Plan aimed at improving the country's subregional connectivity and economic integration. Inland clearance depots were opened at the southern border of Nepal at the gateways in Birgunj and Bhairawa to main highways. These highways have been identified by the South Asia Subregional Economic Cooperation Programme Transport Working Group as two of six major subregional transport corridors. Also, Kakarvitta dry port was established at the eastern border of Nepal along with a bypass road linking the existing dry ports at Birgunj. In 2004, Nepal was linked for the first time with the Indian railway network. Planning and engineering surveys have been conducted for four additional railway links to India through New Jalpaiguri to Kakarvitta; Jogbani to Biratnagar; Nautanhawa to Bhairahawa; and Nepalgunj Road to Nepalgunj.

24. The Government of Georgia continued its efforts to rehabilitate its roads to better link with the existing regional road network. In 2003-2004, over 300 km of road were rehabilitated. The Government decided to build the new transit corridor Erzami-Karsi-Ninocminda-Tsalka-Tbilisi during the period 2005-2009. Resources for the construction of this corridor are being considered for funding by the United States of America from its Millennium Challenge Account.

25. The Government of Chile has decided to allocate in 2003-2006 about US$ 30 million to upgrade Route 11-CH and A-55 roads, main highway links connecting Bolivia to the Chilean ports of Arica and Iquique. Chile continued to participate in the initiative of the Integration of Regional Infrastructure in South America for the purpose of developing the Central Interoceanic and Capricornio integrated transit corridors, including investment in the Chile-Southern Common Market (MERCOSUR) Physical Integration Protocol for the latter.

26. The core programme of the Asian Development Bank for Central Asian landlocked States continued to focus on energy, transport and trade facilitation. The programme for 2004-2006 included 17 projects with lending of US$ 399.4 million and 33 technical assistance projects worth a total of US$ 18.5 million. In particular, the Bank provided the following loans: US$ 15 million in Tajikistan for the rehabilitation of the Dushanbe-Kyrgyz Border Road; US$ 37.1 million for road development in Mongolia with a view to completing Mongolia's north-south road transport corridor between Choyr and the border with China in Zamyn-Uud to effect linkage with Asian highway networks; US$ 32.8 million for the rehabilitation of the southern transport corridor road in Kyrgyzstan; and US$ 18.2 million for regional customs modernization and an infrastructure development project for Kyrgyzstan.

27. Seventeen regional technical assistance projects were also approved by the Asian Development Bank for US$ 7 million to promote long-term development in the Greater Mekong Subregion. Also, as part of the Subregional Economic Cooperation in South and Central Asia programme, the Bank assisted the Central and South Asia Transport and Trade Forum, focusing on developing corridors connecting landlocked countries with ports in the Arabian Sea and the Persian Gulf

via Afghanistan. A Forum/customs cooperation plan was developed for implementation during 2005-2007. The Bank pledged more than US$ 1.5 billion in 2002-2008 for the reconstruction of Afghanistan. In 2004, the Bank approved five loans totalling US$ 205.0 million for the reconstruction of Afghanistan's primary road network, for rehabilitation of regional airports and for the support of telecommunications.

28. For Bangladesh, the Asian Development Bank approved seven loans for five projects totalling US$ 249.5 million, which included trade facilitation measures, including those at the Chittagong Port, and rural telecommunications. For India, in 2004, the Bank approved six loans amounting to US$ 1.3 billion covering five projects, including upgrades to national highways and an interstate power transmission system.

29. Project financing by the African Development Bank between 2002 and 2004 included US$ 3.5 million for an Economic Community of West African States initiative to expand interconnections of railway networks; US$ 1.05 million for the Burkina Faso/Niger Diori-Tera Road; US$ 3.73 million for an Economic Community of Central African States (ECCAS) project on electrical networks interconnection; US$ 2.98 million for electricity interconnection in Kenya-Burundi-Rwanda-Democratic Republic of the Congo; US$ 22.36 million for a West African Economic and Monetary Union Mali-Burkina Faso-Ghana project on the Akatsi-Dodze-Noepe Road; US$ 2.46 million for the Rwanda/United Republic of Tanzania Kigali-Isaka Railway feasibility project; US$ 56.52 million on an Ethiopia-Djibouti power interconnection project; and US$ 53 million for the Kenya/Ethiopia Mombassa-Nairobi-Addis Ababa Road.

30. The main transport sector NEPAD short-term Action Plan infrastructure projects financed by the African Development Bank included: the Akatsi-Aflao section of the Tema-Aflao Road rehabilitation project in Ghana (US$ 21.76 million); the ECOWAS interconnections of railways networks study (US$ 3.7 million); the Ghana-Togo Akatsi-Dodze-Noepe Road upgrading project (US$ 18.83 million) in Ghana and Togo; the Benin/Togo Djougou-N'dali Road improvement project (US$ 22.36 million) in Benin and Togo; the West African Economic and Monetary Union/Ghana road programme (US$ 100.64 million) in Mali/Burkina Faso/Ghana; the Ghana road infrastructure project 2003: the Nsawam-Apedwa Road project (US$ 29.4 million); and the multinational road corridor development project: Mombassa-Nairobi-Addis Ababa (US$ 53 million) in Kenya/Ethiopia.

31. In 2004, the reconstruction of the Alat-Kazimagomed highway in Azerbaijan was completed with financing by the Kuwait Fund and the Islamic Development Bank. The completion of the Transcaucasian railway was financed by the European Bank for Reconstruction and Development. The reconstruction of Nakhchevan International Airport was also completed in 2004. On 25 May 2005, a US$ 3.6 billion pipeline linking the Caspian Sea to the Mediterranean was inaugurated. The pipeline is expected to carry crude oil from fields in the Caspian Sea off Baku to Tbilisi in Georgia, and to the Mediterranean terminal in Ceyhan, Turkey. The pipeline has a capacity of 10 million barrels.

32. The technical assistance programme of the International Maritime Organization (IMO) for 2004-2005 included training programmes aimed at ensuring that developing countries were adequately equipped to comply fully with their obligations, and to carry out effective port State control activities. The programme

promoted the reduction of marine casualties, the elimination of substandard shipping and the protection of the marine environment. Other components of the programme targeted the preparation of legislation, implementing regulations, technical studies and action plans related to IMO key technical programmes. IMO established regional centres in Kenya, Ghana and Côte d'Ivoire to carry out needs assessment and advisory missions in African countries, including nine landlocked developing countries.

33. ECA organized the forum on transport infrastructure and regional integration for Central Africa in Yaoundé, Cameroon, from 15 to 18 December 2003 designed to adopt a subregional transport master plan that covered road, rail, air and inland water transport. The Master Plan, which was adopted by the Heads of State and Government of countries members of the Economic Community of Central African States, gives priority to development of transit corridors.

34. ESCAP Intergovernmental Agreement on the Asian Highway Network came into force on 4 July 2005. The landmark Agreement aimed to complete 141,000 km of standardized roadways spanning 32 Asian countries with linkages to Europe. The draft intergovernmental agreement on the trans-Asian railway network is currently under development.

35. The recently finalized master plans for the ECE Trans-European North-South Motorway and Trans-European Railway Projects identified main bottlenecks, missing links and other priority infrastructure needs in the road, rail and combined transport networks. Two groups of governmental experts for roads and railways, from 21 Central, Eastern and South-Eastern European participating countries evaluated about 500 priority infrastructure projects whose estimated cost is €101 billion.

36. The five regional commissions have been jointly implementing a project on Capacity-building for the Development of Interregional Transport Linkages over the period of 2003-2006. The ECE and ESCAP component of the project focused mainly on Euro-Asian transport links, including through Central Asian, Caucasus and Eastern European landlocked developing countries. In two Expert Group Meetings held in Almaty, Kazakhstan, in March 2004 and Odessa, Ukraine, in November 2004, government representatives from 17 countries in the Euro-Asian region agreed on the main elements of the strategy for the development of Euro-Asian transport links, and on priority road and rail transport routes. Also, expert-level meetings have been convened to examine transport links between the ECA, ESCAP, ECE and Economic and Social Commission for Western Asia (ESCWA) regions.

37. The West African Economic and Monetary Union reported that road transport remained the main mode of transport in the Economic and Monetary Union region, accounting for more than 90 per cent of trade within the subregion. The member States of the Economic and Monetary Union decided in the Community Infrastructure and Road Action Programme of the Economic and Monetary Union, which was adopted in 2001, to reconstruct or rehabilitate 13,300 km of road infrastructure. In particular, the Programme covers rehabilitation of the Bamako-Ouagadougou-Accra corridor and road transport and transit facilitation measures along the Bamako-Ouagadougou-Accra and Niamey-Ouagadougou-Accra corridors for the purpose of providing Burkina Faso, Mali and the Niger with access to the sea through the ports of Ghana. The main rail networks of Economic and Monetary

Union member States were built before the First World War and those sections built after the Second World War account for only 14 per cent of the total length. The rehabilitation works conducted over the past 30 years had covered less than 40 per cent of the total length of the network. As a result, more than half of the network was considerably dilapidated. The Commission of the Economic and Monetary Union has undertaken a feasibility study on the interconnection and rehabilitation of rail networks within Community States.

38. In 2004, the member States of the Central African Economic and Monetary Community adopted a regional road map designed to reconstruct a regional road network 18,400 km in length for a period of 10 years. To start, pilot projects have been prepared on selected transit corridors with a view to completing their missing links.

## Priority three: International trade and trade facilitation

39. As of March 2005, 9 of the 31 landlocked developing countries and 5 of the 34 transit developing countries were not yet members of the World Trade Organization and therefore missed out on the benefits that membership and the rules of the World Trade Organization provided, including special and differential treatment (see table 7). The Almaty Programme of Action recognized that excessive transit transport costs posed a major barrier to access to foreign markets. According to UNCTAD, in 2003, the shares of landlocked developing countries in total exports and imports of world merchandise remained very small, 0.57 per cent and 0.64 per cent, respectively.

40. Under the Economic Complementarities Agreement 22 between Chile and Bolivia, Chile granted preferential access to Bolivia for some 500 customs tariff lines and Bolivia granted preferential access to Chile for about 480 tariff lines. The preferential treatment covers about 75 per cent of bilateral trade turnaround between the two countries. About 80 per cent of trade between Chile and Paraguay enjoyed zero tariffs under the Economic Complementarities Agreement between Chile and MERCOSUR.

Table 7
**Membership and observer status in the World Trade Organization, landlocked developing countries and transit developing countries**

| *Country* | *Region* | *Member (accession date)* | *Observer (application date)* |
|---|---|---|---|
| *Landlocked developing countries* | | | |
| Afghanistan | Asia | — | 21/11/2004 |
| Armenia | Europe | 05/02/2003 | — |
| Azerbaijan | Asia | — | 30/06/1997 |
| Bhutan | Asia | — | 17/09/1999 |
| Bolivia | Latin America | 12/09/1995 | — |
| Botswana | Africa | 31/05/1995 | — |
| Burkina Faso | Africa | 03/06/1995 | — |
| Burundi | Africa | 23/07/1995 | — |
| Central African Republic | Africa | 31/05/1995 | — |
| Chad | Africa | 19/10/1996 | — |
| Ethiopia | Africa | — | 13/01/2003 |
| Kazakhstan | Asia | — | 29/01/1996 |
| Kyrgyzstan | Asia | 20/12/1998 | |
| Lao People's Democratic Republic | Asia | — | 16/07/1997 |
| Lesotho | Africa | 31/05/1995 | — |
| Macedonia, FYR | Europe | 04/04/2003 | — |
| Malawi | Africa | 31/05/1995 | — |
| Mali | Africa | 31/05/1995 | — |
| Moldova, Republic of | Europe | 26/07/2001 | — |
| Mongolia | Asia | 29/01/1997 | — |
| Nepal | Asia | 23/04/2004 | — |
| Niger | Africa | 13/12/1996 | — |
| Paraguay | Latin America | 01/01/1995 | — |
| Rwanda | Africa | 22/05/1996 | — |
| Swaziland | Africa | 01/01/1995 | — |
| Tajikistan | Asia | — | 29/05/2001 |
| Turkmenistan | Asia | — | — |
| Uganda | Africa | 01/01/1995 | — |
| Uzbekistan | Asia | — | 08/12/1994 |
| Zambia | Africa | 01/01/1995 | — |
| Zimbabwe | Africa | 05/03/1995 | — |

| *Country* | *Region* | *Member (accession date)* | *Observer (application date)* |
|---|---|---|---|
| *Transit developing countries* | | | |
| Algeria | Africa | — | 03/06/1987 |
| Angola | Africa | 23/11/1996 | — |
| Argentina | Latin America | 01/01/1995 | — |
| Bangladesh | Asia | 01/01/1995 | — |
| Benin | Africa | 22/02/1996 | — |
| Brazil | Latin America | 01/01/1995 | — |
| Cambodia | Asia | 13/10/2004 | — |
| Cameroon | Africa | 13/12/1995 | — |
| Chile | Latin America | 01/01/1995 | — |
| China | Asia | 11/12/2001 | — |
| Côte d'Ivoire | Africa | 01/01/1995 | — |
| Democratic Republic of the Congo | Africa | 01/01/1997 | — |
| Djibouti | Africa | 31/05/1995 | — |
| Eritrea | Africa | — | — |
| Ghana | Africa | 01/01/1995 | — |
| Guinea | Africa | 25/10/1995 | — |
| India | Asia | 01/01/1995 | — |
| Iran, Islamic Republic of | Asia | — | 19/07/1996 |
| Kenya | Africa | 01/01/1995 | — |
| Mozambique | Africa | 26/08/1995 | — |
| Myanmar | Asia | 01/01/1995 | — |
| Namibia | Africa | 01/01/1995 | — |
| Nigeria | Africa | 01/01/1995 | — |
| Pakistan | Asia | 01/01/1995 | — |
| Peru | Latin America | 01/01/1995 | — |
| Senegal | Africa | 01/01/1995 | — |
| Somalia | Africa | — | — |
| South Africa | Africa | 01/01/1995 | — |
| Tanzania, United Republic of | Africa | 01/01/1995 | — |
| Thailand | Asia | 01/01/1995 | — |
| Togo | Africa | 31/05/1995 | — |
| Turkey | Asia | 26/03/1995 | — |
| Uruguay | Latin America | 01/01/1995 | |
| Viet Nam | Asia | — | 04/01/1995 |

*Source*: World Trade Organization, May 2005.

41. As required by MERCOSUR, the Government of Paraguay established the National Authority for Navigation and Ports. The National Authority started infrastructure development projects at border points with Brazil at Cuidad del Este (PY)-Foz de Iguazú, Pedro Juan Caballero-Ponta Porá, and Salto del Guairá-Guaira; and with Argentina at José A. Falcón-Clorinda, and Encarnación-Posadas. Trade facilitation is one of the priority areas for cooperation within the initiative of the Integration of Regional Infrastructure in South America. In 2004, customs at Cuidad del Este-Foz de Iguazú at the Brazilian and Paraguayan border was selected for the pilot project to develop integrated border control mechanisms with a view to ensuring smooth and speedy movement of international traffic. The project was started in July 2005. The new customs administration of Paraguay, which was established in 2004, has undertaken measures to use a customs information and tracking system compatible with other MERCOSUR member States networks. Export procedures have been simplified to reduce red tape. In addition, a multimodal system is being introduced.

42. ECA directed renewed attention to regional trade and trade facilitation. ECA organized an ad hoc expert group meeting on intra-African trade in March 2005 in Addis Ababa. Also, trade facilitation and challenges faced by landlocked developing countries in the context of intra-African trade were the focus of the fourth session of the Committee on Regional Cooperation and Integration, held in March 2005 in Addis Ababa.

43. Negotiations of the World Trade Organization on trade facilitation provide a unique opportunity for landlocked and transit developing countries, as the negotiations will clarify and improve provisions on freedom of transit, fees and formalities connected with importation and exportation and transparency in the publication and administration of trade regulations. To seize this opportunity, the five regional commissions are implementing a project entitled "Interregional partnership for promoting trade as an engine of growth" aimed at strengthening the negotiating capacity of developing countries on trade facilitation, designing trade facilitation policies, and the application of information and communication technologies (ICT) in supply chain management. In particular, ECA and ECE jointly organized a capacity-building workshop for the African Group on the World Trade Organization negotiations on trade facilitation in order to assist the effective participation of the landlocked and transit developing countries of Africa in trade facilitation negotiations.

44. The World Trade Organization/ESCAP Regional Workshop on Trade Facilitation for Asian and Pacific Economies, held in Hangzhou, China, from 5 to 7 April 2005, was convened to train trade negotiators on the relevant aspects of the ongoing World Trade Organization negotiations on trade facilitation, including transit. ESCAP continued to support the draft agreement on facilitation of cross-border transport of goods and people in the Greater Mekong Subregion and the draft intergovernmental agreement of the Shanghai Cooperation Organization (SCO) on facilitation of international road transport. ECE and ESCAP continued to undertake activities of the Working Group on Transport and Border Crossing Facilitation of the United Nations Special Programme for the Economies of Central Asia.

45. The United Nations Commission on International Trade Law (UNCITRAL) prepared a draft instrument on the carriage of goods with a view to modernizing and universalizing law on the international carriage of such goods. The draft instrument

covered, inter alia, the liability and obligations of carriers, electronic commerce, delivery, shipper obligations, and transport documents. Also, UNCITRAL prepared the *UNCITRAL Legislative Guide on Privately Financed Infrastructure Projects*[17] and the associated Model Legislative Provisions on Privately Financed Infrastructure Projects[18] to assist countries in establishing a legal framework favourable to private investment in public infrastructure.

46. Landlocked and transit developing countries continued to benefit from the Automated System for Customs Data (ASYCUDA) programme of UNCTAD designed to speed up customs procedures through the use of information technology. Current projects targeted the upgrading to the latest version of the programme by implementing ASYCUDA++. In 2004, there were more than 50 operational ASYCUDA projects with expenditures exceeding US$ 7 million, including those for Afghanistan, Armenia, the Central African Republic and Lesotho, as well as for the secretariats of the Common Market for Eastern and Southern Africa (COMESA) and the Economic Community of West African States (ECOWAS). An ASYCUDA Regional Centre was established in Ouagadougou, Burkina Faso, to provide support to the user countries of the subregion.

47. The UNCTAD secretariat continued to provide substantive services to the ongoing negotiations of China, Mongolia and the Russian Federation on the draft transit traffic framework agreement. Also, with a view to analysing and promoting practical measures that could help to improve transit transport operations, UNCTAD convened an "Expert Meeting on the Design and Implementation of Transit Transport Arrangements", in Geneva from 24 to 26 November 2004.

48. The World Bank has expanded its project portfolio dealing with trade and transit facilitation. The Bank now counts 49 of these projects under implementation and another 16 in the preparation pipeline. Within the framework of the Sub-Saharan Africa Transport Programme, the World Bank assisted with establishing corridor observatories in Western Africa (with the West African Economic and Monetary Union and the Economic Community of West African States), in Central Africa (with the Central African Economic and Monetary Community and the Economic Community of Central African States), in Eastern Africa (with the Intergovernmental Authority on Development (IGAD) and the Northern Corridor Transit Transport Coordination Authority), and in Southern Africa (with the East African Community (EAC), the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA)). The Sub-Saharan Africa Transport Programme also supported establishment of corridor management committees on several priority corridors in the different subregions. The Bank also provided assistance to the updating of the Northern Corridor Transit Agreement, including the Northern Corridor Transit Transport Coordination Authority. In South Asia, the Bank was engaged in dialogue with several countries to launch a regional trade and transport facilitation survey that would pave the way for identification and implementation of specific facilitation projects, aiming in particular at better integrating regional landlocked developing countries.

49. In 2004, the World Bank approved a US$ 31 million interest-free credit for the development of customs modernization and a trade facilitation project in Afghanistan. UNCTAD was implementing components of ASYCUDA and

developing the enabling regulatory, physical and commercial environments for fiscal control of trade and transport revenues.

50. The main trade facilitation instrument of the World Customs Organization (WCO) is the Revised Kyoto Convention (International Convention on the Simplification and Harmonization of Customs Procedures), regarded as a blueprint for modern customs procedures. It covers all core customs procedures, and provides for transparent and simple processes. WCO has also produced detailed implementation guidelines for each legal provision. WCO prepared the "Customs Compendium" of best practices as part of its capacity-building programme. In 2004, WCO issued volume 3 of the Compendium entitled "A Secure and Efficient Transit System: Guidance to Members on the Establishment of a Secure and Efficient Transit System", intended to assist member States with the development of a secure and efficient transit system.

51. As agreed in annex D of the framework agreement adopted by the General Council of the World Trade Organization on 1 August 2004, World Trade Organization members will clarify and improve certain provisions bearing on trade facilitation that already exist in the World Trade Organization legal framework, namely article V of the General Agreement on Tariffs and Trade (GATT), which provides requirements meant to ensure freedom of transit; article VIII, which addresses fees and formalities connected with importation and exportation; and article X, which seeks to increase transparency of trade regulations. Many landlocked developing countries are already actively engaged in these negotiations and have tabled proposals on transit issues. To date, there have been 33 submissions of proposals on how to improve and clarify the regulatory framework under consideration, addressing matters of cost implications, technical assistance and special and differential treatment, including those of Bolivia, Mongolia, Paraguay and Rwanda.

52. World Trade Organization members agreed that special and differential treatment should be extended to link the extent and timing of commitments to a country's implementation capacity. The World Trade Organization secretariat has made technical assistance on trade facilitation one of the priorities of the World Trade Organization Technical Assistance Plan for 2005. The secretariat carried out regional workshops to train trade policy and technical officials on the negotiating mandate for trade facilitation, the legal framework and the members' proposals, as well as to provide an opportunity to put this information into practice in extensive working group exercises. The World Trade Organization technical assistance programme also provided for national seminars on World Trade Organization-related topics upon request from member and accession countries. Trade facilitation was one of the most requested topics for 2005.

53. The International Trade Centre (ITC), as the joint technical cooperation arm of UNCTAD and the World Trade Organization for business aspects of trade, provided assistance for developing national and sectoral export strategies that would engender a more favourable business environment for exporters by strengthening the dialogue between stakeholders and the public sector. Over the period 2003-2005, the International Trade Centre has engaged in trade strategy development projects in Burkina Faso, Kazakhstan, Kyrgyzstan, the Lao People's Democratic Republic, Malawi, Tajikistan, Uganda, Uzbekistan and Zambia. The ITC World Trade Net programme seeks to help business sectors better understand dynamic changes in

legal and regulatory frameworks for international trade and implications for day-to-day business operations. World Trade Net implemented projects in Armenia, Bhutan, Kazakhstan, Kyrgyzstan, Lesotho, Malawi, Mongolia, Nepal, the Republic of Moldova, Swaziland, Tajikistan, Uzbekistan and Zambia. ITC South-South trade development seeks to expand trade among developing countries and economies in transition by identifying specific opportunities and providing assistance to enterprises taking advantage of these opportunities. In this context, the International Trade Centre implemented projects in Azerbaijan, Bolivia, Botswana, Burkina Faso, Burundi, the Central African Republic, Chad, Ethiopia, Kazakhstan, Kyrgyzstan, the Lao People's Democratic Republic, Lesotho, Malawi, Mali, Nepal, the Niger, Paraguay, Rwanda, Swaziland, Tajikistan, Uganda, Uzbekistan, Zambia and Zimbabwe.

54. The West African Economic and Monetary Union reported that hidden charges, complex and cumbersome inspection procedures, and a plethora of checkpoints hamper the free flow of transit traffic. In West Africa, inter-State transport and transit are governed by two conventions: the Inter-States Road Transport Convention, and the Inter-States Road Transit Convention. The West African Regional Transit Facilitation Programme was being implemented with the support of the World Bank. Abidjan-Ouagadougou-Niamey, Lomé-Ouagadougou-Niamey, Tema-Ouagadougou-Bamako, Cotonou-Niamey, Tema-Ouagadougou-Niamey, Bamako-Dakar-Banjul-Bissau, Abidjan-Bamako and Abidjan-Accra-Lomé-Cotonou-Lagos corridors have been selected as part of the Regional Facilitation Programme. The West African Regional Transit Facilitation Programme covers the simplification and harmonization of procedures and regulations, construction of adjacent border crossing points, installing a computer-based information system on road transport logistics for tracking transport equipment and cargo, HIV/AIDS, road safety, and institutional capacity-building on a priority basis.

## Priority four: International support measures

55. The Almaty Programme of Action recognized that the cost implications of meeting the requirements for establishing and maintaining efficient transit transport systems were of such a magnitude that the landlocked and transit developing countries could not by themselves accomplish that formidable task. Development partners should thus play an important role in supporting transit transport development programmes. Official development assistance (ODA) remains the main source of external finance for landlocked developing countries. According to Organization for Economic Cooperation and Development/Development Assistance Committee (OECD/DAC) statistics, in 2003, net ODA received by landlocked developing countries, as a group, reached US$ 11.5 billion, representing a 13 per cent increase as compared with that received in 2002 (see table 3). According to the OECD statistics, about 2.4 per cent of the total ODA received in 2003 by landlocked developing countries was allocated to transport and communications infrastructure. Landlocked developing countries stand to benefit from recent commitments to increase ODA, including the commitment of the European Union (EU) to reach the United Nations target of 0.7 per cent of gross national income (GNI) by 2015, with an interim target of 0.56 per cent by 2010; and from the recent G-8 commitment to increasing aid to Africa by US$ 25 billion a year by 2010, as well as to increasing

ODA by $40 billion a year by 2010, and additional debt relief for heavily indebted poor countries (HIPCs).

56. During the reporting period, the Government of Austria provided assistance to Afghanistan, Bhutan, Burkina Faso, Ethiopia, Nepal, Rwanda, the former Yugoslav Republic of Macedonia, Uganda and Zimbabwe within the framework of the Austrian Development Cooperation initiative. In particular, Austrian Development Cooperation projects included the Tazara Project, which involved the rehabilitation of 850 km of railway line between Zambia and Malawi at a cost of about €27 million, and support for United Republic of Tanzania Railways Corporation activities in Burundi, Rwanda, and the Democratic Republic of the Congo. Moreover, since 1992, Austria has continued its support to the railway administrations of most SADC member States (for example, Botswana, Swaziland and Zimbabwe) for maintaining railways. The fifth phase of the project has recently started (and will last until 2007) with the additional funding of €690,000.

57. Bolivia, Burkina Faso, Ethiopia, Mali, the former Yugoslav Republic of Macedonia, Uganda and Zambia were among the priority partner countries for the bilateral assistance of the German Government. Also, Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, the Lao P.D.R, Mongolia, Tajikistan, Turkmenistan and Uzbekistan were included in the list of partner countries for bilateral assistance. The Almaty Programme of Action was taken into account when the strategy was outlined in consultation with recipient countries. Between 1993 and 2003, about 20 per cent of the project-tied commitments granted by the German Government under financial cooperation went to the transport and communication sector. A significant share of these funds has been committed to landlocked and transit developing countries.

58. During the reporting period, German assistance included, inter alia, the following specific projects: a project to support an improved business environment in Armenia and Azerbaijan (€1.9 million); support for legal and judicial reforms in Armenia and Azerbaijan (€3.5 million); support for the Bolivian System of Standardization, Metrology, Accreditation and Certification (€0.7 million); construction and upgrading of two road sections along the Beni-La Paz-Peruvian border corridor in Bolivia (€35.8 million); rehabilitation of a 59 km segment of National Road 16 linking Burkina Faso, Mali and the Niger with the seaport of Lomé in Togo (€6.1 million); support for the Ethiopian road authorities (€1.3 million); support for the improvement of the business environment in Kazakhstan, Kyrgyzstan, Uzbekistan, Turkmenistan and Tajikistan (€7.6 million); rehabilitation of National Road 6 and the rural telecommunications network in the Lao People's Democratic Republic (€11.7 million); upgrading of roads in Mali (€15.2 million); construction of the Skopje bypass as part of the main European road network in the former Yugoslav Republic of Macedonia (€10.2 million); support for export promotion in Mongolia (€2.0 million); set-up of a quality control system in Paraguay (€0.1 million); rehabilitation of 85 km of road between Malaba and Bugira and the maintenance of 1,400 km of roads in eastern Uganda (€31.5 million); rehabilitation of 380 wagons of the Uganda Railways corporation (€4.1 million); electrification of the railway line between Tashkent and Angren (€25 million) in Uzbekistan; a €2.0 million credit line for export-oriented private sector enterprises in Uzbekistan; and rehabilitation of the 205 km of communication road from Livingstone to the Namibian border and construction of a bridge across the Zambezi

River connecting Zambia to the Trans-Caprivi Highway in Namibia and providing access to the Walvis Bay seaport (€33.2 million).

59. Selected activities undertaken by the German Government to support transit developing countries included construction of 6.3 km of roads in Ghana (€11.0 million); rehabilitation of 12 locomotives of the Kenya Railways Corporation (€4.6 million); rehabilitation and extension of 90 km of road in Kenya (€18.0 million); rehabilitation of part of the Angola-Namibia road corridor (€4.0 million); and the rehabilitation of Tanzania Railways Corporation locomotives in the United Republic of Tanzania (€7.0 million).

60. The Government of Italy has provided US$ 12 million to the rehabilitation of the Kabul-Bamyan Road and US$ 750,000 to that of the Maidan Shar-Bamyan Road in Afghanistan. Italy has committed over US$ 18 million in loans and grants for the rehabilitation of the Toledo-Ancarabi Road (Oruro-Pisiga Corridor) in Bolivia; US$ 15 million in grants for the reconstruction of secondary roads and bridges as part of the second phase of the rural development projects in Arsi and Bale, Ethiopia; and US$ 35 million for road access and rehabilitation projects in Albania. The Government of Italy also awarded a grant of US$ 965,000 in technical assistance to the Afghan ministries of Public Works, Light Industry, and Urban Development and Personal Training, nearly US$ 3 million in grant funds to help establish a national statistical service in Mozambique, and US$ 2.6 million to support the National Chamber of Commerce in Zimbabwe.

61. Japanese assistance included, inter alia, the following specific projects: rehabilitation of roads in Ghana (US$ 54 million); rehabilitation roads in Uganda (US$ 3 million); improvement and maintenance of Lusaka City roads in Zambia (US$ 24 million); improvement of National Road 9 in the Lao People's Democratic Republic (US$ 27 million); construction of Sindhuli Road in Nepal (US$ 17 million); rehabilitation of bridges in Cambodia (US$ 1.4 million); and rehabilitation of the Kandahar-Kabul road, the Kandahar-Herat Road and the Mazar-i-Sharif in Afghanistan (US$ 144 million). Japan has provided loans of 4.3 billion yen for the expansion of the Shihanoukville port in Cambodia and loans of 16.3 billion yen to the Tashguzar-Kumkurgan new railway line construction to Uzbekistan. The Government of Japan also extended assistance for capacity-building in landlocked and transit developing countries, including Bolivia, Cameroon, Côte d'Ivoire, Djibouti, Ethiopia, Ghana, Kenya, the Lao People's Democratic Republic, Swaziland, Thailand, the former Yugoslav Republic of Macedonia, Turkey, the United Republic of Tanzania, Viet Nam, Zambia and Zimbabwe.

62. The Government of South Africa continued to provide assistance to Lesotho in accordance with the Joint Bilateral Commission for Cooperation (JBCC) agreement, which was signed on 19 April 2001. As part of this agreement, the two countries agreed to a strategic partnership to assist Lesotho in graduating from least developed country status. The Government of South Africa and the Government of Swaziland signed a Joint Bilateral Commission for Cooperation agreement on 20 December 2004. Key areas of cooperation between South Africa and Swaziland included the rehabilitation of the Carolina/Oshoek road linking Swaziland with Mpumalanga and Gauteng.

63. The United Kingdom of Great Britain and Northern Ireland provided assistance to Afghanistan with the reform of its tax and customs system. The United Kingdom implemented a capacity-building project in Ethiopia to assist the

Ethiopian Roads Authority with road maintenance and management and the Ethiopian Revenue Reform Programme's customs reform. The United Kingdom implemented a US$ 18 million Regional Trade Facilitation Programme in Southern Africa and provided funding to the multilateral and regional development organizations, including the African Development Bank, EU and the World Bank. The United Kingdom also contributed to projects on (a) the rehabilitation of three roads linking Rwanda to its neighbours: Burundi (€18 million) for the 110 km road, the United Republic of Tanzania (€27 million) for the 77 km road and the Democratic Republic of the Congo (estimated cost: €30 million), currently under study, and (b) the rehabilitation of Kigali International Airport.

## Priority five: Implementation and review by the United Nations system

64. The United Nations system has embarked on the implementation of the Almaty Programme of Action. Joint efforts of the United Nations system organizations began with the preparation of the road map for the implementation of the Almaty Programme of Action. The road map, which was endorsed at the inter-agency meeting held on 4 February 2004, was broadly accepted by the international community as a practical approach to ensuring active involvement of all relevant stakeholders in a focused and well-coordinated manner. Details in this regard were provided in the report of the Secretary-General of 5 August 2004 on the implementation of the Almaty Programme of Action (A/59/208).

65. To further strengthen global partnerships, the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States organized the High-level Meeting on the Role of International, Regional and Subregional Organizations in the Implementation of the Almaty Programme of Action, from 29 to 31 March 2005 in Almaty, Kazakhstan, with the support of the Government of Kazakhstan. Senior officials from about 30 organizations participated in the High-level Meeting. The Meeting was organized in two sessions. The first session considered strategies of international, regional and subregional organizations for the implementation of the Almaty Programme of Action; the second session covered measuring and monitoring progress in establishing efficient transit transport systems. At the first session, the representatives of 25 international, regional and subregional organizations made detailed presentations of their activities and strategies. The Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States presented a proposal for a coordinated technical cooperation programme in transport and trade facilitation aimed at enhancing synergies among participating organizations so as to maximize the benefits that landlocked and transit developing countries derived from technical assistance in the area of transport and trade facilitation.

66. The second session was devoted to the articulation of an internationally acceptable methodology for measuring progress in establishing efficient transit transport systems. Panellists included representatives of the Asian Development Bank, the East African Community, the International Road Transport Union (IRU), ECA, ESCAP, ECE, UNCTAD, the United States Agency for International Development (USAID) and the World Bank. The East African Community presented its methodology based on average cost per km for different corridors, ranging from

US$ 0.42 (the highest) in the Tunduma-Iringa-Dodoma-Arusha-Namaga-Nairobi-Isiolo-Moyale corridor to US$ 0.27 (the lowest) in the Biharamulo-Mwanza-Musoma-Sirari-Lodwar-Lokichoggio corridor. ESCAP presented its methodology based on cost and time in order to measure the progress for establishing an efficient transit transport system. The Commission used this methodology in different landlocked subregions in Asia, including South Asia, North-east Asia and Central Asia. This methodology, whose advantage lay in the simplicity of its application, successfully demonstrated breakdowns of costs incurred along different segments of the transit journey.

67. The High-level Meeting adopted a joint communiqué on 31 March 2005 (A/60/75, annex II), in which the representatives of the aforementioned organizations reiterated their commitment to enhancing the coordination of their technical assistance programmes so as to maximize the benefits derived for landlocked and transit developing countries. The Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States was requested to continue the consultations on the best possible ways to facilitate these coordination efforts, including its proposal for a coordinated technical assistance cooperation programme. The communiqué also stressed the importance of establishing common indicators to monitor progress in establishing efficient transit transport systems in landlocked and transit developing countries. In particular, the communiqué emphasized that ongoing initiatives within various regional and subregional organizations as well as those of the Regional Commissions, including the time/cost methodology developed by ESCAP, should be further developed and harmonized in order that broadly acceptable indicators might be designed to monitor the implementation of the Almaty Programme of Action and measure the progress made therein.

68. As requested in the ministerial communiqué adopted at the Fifth Annual Ministerial Meeting of Landlocked Developing Countries held on 27 September 2004 at United Nations Headquarters (A/C.2/59/2), which was taken note of by the General Assembly in its resolution 59/245 of 22 December 2004, the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States convened the Meeting of Trade Ministers of Landlocked Developing Countries on 9 and 10 August 2005 in Asunción, Paraguay. The Trade Ministers of landlocked developing countries adopted the Asunción Platform for the Doha Development Round (A/60/308, annex), in which a common position for landlocked developing countries was articulated.

69. The Department of Public Information of the United Nations Secretariat continued its efforts to mobilize international attention with respect to the implementation of the Almaty Programme of Action. In particular, the Department of Public Information was actively engaged in publicizing the signing of the Intergovernmental Agreement on the Asian Highway Network.

# III. Conclusions and recommendations

70. **High trade transaction costs due to their lack of access to the sea, isolation and remoteness from international markets remain the main factors**

responsible for the marginalization of landlocked developing countries in respect of international trade and for their poor economic performance.

71. The focused agenda and balance of interests of landlocked and transit developing countries make the Almaty Programme of Action measurable and implementable. Millennium Development Goals-based strategies in landlocked developing countries should focus on the implementation of the Almaty Programme of Action, which should be translated into coherent funded programmes at the regional and national levels.

72. The international community should provide greater market access for goods originating in landlocked developing countries so as to mitigate the high trade impact of the transaction costs stemming from their geographical disadvantages. Increased and immediate technical assistance should be extended to landlocked developing countries to ensure their effective participation in the World Trade Organization trade negotiations, particularly those related to trade facilitation.

73. The establishment of efficient transit transport systems requires closer and more effective cooperation and collaboration between landlocked and transit developing countries. In particular, the triangular arrangements promoting South-South cooperation should be fully utilized.

74. The United Nations system organizations should intensify their efforts to articulate an internationally acceptable methodology to measure the progress in establishing efficient transit transport systems. In this regard, special attention should be given to the time/cost methodology developed by ESCAP.

75. Synergy and coordination are crucial in order to maximize the benefits to be derived by landlocked and transit developing countries from technical assistance provided by the United Nations system organizations and other relevant institutions in transit transport. In this regard, measures identified in the road map for the implementation of the Almaty Programme of Action and in the joint communiqué adopted at the High-level Meeting on the Role of International, Regional and Subregional Organizations in the Implementation of the Almaty Programme of Action, held in March 2005 in Almaty, Kazakhstan, should be vigorously pursued.

76. ODA remains the major source of investment in infrastructure development in landlocked developing countries. Donor countries and financial and development institutions, in particular the World Bank, the Asian Development Bank, the African Development Bank and the Inter-American Development Bank, are invited to provide greater financial resources to transit transport infrastructure projects in landlocked and transit developing countries.

77. Donor countries and the international financial and development institutions are invited to make voluntary contributions to the Trust Fund established to facilitate the follow-up and implementation of the outcome of the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation, held in Almaty, Kazakhstan, on 28 and 29 August 2003.

*Notes*

[1] London, Earthscan, 2005. Text of full report available from http://www.unmillenniumproject.org/reports/fullreport.htm.

[2] *Report of the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation, Almaty, Kazakhstan, 28 and 29 August 2003* (A/CONF.202/3), annex II.

[3] Text in English available from http://igc.traceca-org.org/english/igc_docs/mla_eng.pdf.

[4] United Nations, *Treaty Series*, vol. 1302, No. 21618.

[5] Ibid., vol. 1746, No. 30382.

[6] Ibid., vol. 125, No. 1671.

[7] Ibid., vol. 182, No. 1671.

[8] Ibid., vol. 993, No. 14533.

[9] Ibid., vol. 399, No. 5742.

[10] Ibid., vol. 572, No. 8310.

[11] Ibid., vol. 1079, No. 16510.

[12] Ibid., vol. 619, No. 8940.

[13] Ibid., vol. 1028, No. 15121.

[14] A/57/304, annex.

[15] United Nations publication, Sales No. E.04.II.K.12. Full text available from http://www.uneca.org/ERA2004/full.pdf.

[16] United Nations publication, Sales No. E.04.II.K.3.

[17] United Nations publication, Sales No. E.01.V.4.

[18] *Official Records of the General Assembly, Fifty-eighth Session, Supplement No. 17* (A/58/17), annex I.

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**Proposed programme budget for the biennium 2006-2007**

**Report of the Secretary-General on the activities of the Office of Internal Oversight Services**

# Report of the Office of Internal Oversight Services on the capital master plan for the period from August 2004 to July 2005

*Summary*

From August 2004 to July 2005, the Office of Internal Oversight Services (OIOS) provided continuous audit coverage of activities relating to the capital master plan project, as well as the construction phase of the security strengthening project, as mandated by the General Assembly in its resolution 57/292. Such oversight activities were intended to determine whether adequate internal controls had been established and implemented by the capital master plan office, the Department of Management and other United Nations departments and offices responsible for the execution of the project.

Based on its review, OIOS concluded that the resources appropriated by the General Assembly for capital master plan-related activities had generally been utilized in accordance with the Financial Regulations and Rules of the United Nations. However, OIOS found that the United Nations operating procedures, documents related to construction contracts and contract language utilized by the capital master plan office needed to be improved by, for example, clarifying contract language to avoid ambiguity thereby ensuring that the project would be implemented efficiently and economically.

* A/60/150.

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During the reporting period, OIOS issued audit observations and provided its comments and recommendations to responsible officials during meetings or immediately after its review of the documents provided by the capital master plan office to ensure that they could be taken into account in the preparation of final contract documents and in the context of the final approval of the scope confirmation report.

In view of the complexity of the United Nations Headquarters refurbishment, the capital master plan office utilizes a scope confirmation approach, which involves continuous review of information obtained from all stakeholders on their functional needs and requirements to ensure that their needs are adequately addressed in the design documents. OIOS believes that the scope confirmation process has established the parameters to translate the information obtained from the stakeholders into design documents with a minimum amount of errors, omissions and ambiguity and to track scope changes during the design development stage.

In order to undertake the refurbishment, "swing space" is needed to house the Secretariat offices and provide conference and meeting space for the various committees of the Organization. The original refurbishment schedule provided that the construction of a new building (UNDC-5) to provide the swing space was to start in January 2004 and be substantially completed in December 2005, which would have allowed for relocation into UNDC-5 between January and June 2006 with refurbishment construction to start at about the same time.

Owing to circumstances beyond the Organization's control, the construction of UNDC-5 is significantly behind schedule. To minimize the overall delay of the refurbishment project, the capital master plan office believes that there is a pressing need to identify alternative swing space for occupancy in 2007.

In March 2005, the capital master plan office entered into a contract with a commercial real estate broker to provide real estate advisory services and to assist in identifying alternative swing space for occupancy in 2007. In the view of OIOS, the process used for selecting the commercial real estate broker was transparent and fair.

OIOS noted that an advisory board was to be formed to advise the Secretary-General on financing matters and to provide advice on overall project issues. The advisory board, although proposed by the Secretary-General and concurred in by the General Assembly in its resolution 57/292, was never established. Since the capital master plan office operations are becoming progressively more complex, OIOS believes that it is imperative that the need for the advisory board be re-examined without further delay in order to ensure that the capital master plan project moves forward as planned.

OIOS will continue to carry out its oversight responsibilities, which will concentrate on reviewing the functional relocation programme as well as the deliverables of the programme manager, the architectural and engineering firms and the commercial real estate broker. In order to complete the projected audit activities of the capital master plan in 2006 and through the completion of the design development phase, OIOS will require resources sufficient to provide for the services of two full-time auditors.

# I. Introduction

1. Pursuant to General Assembly resolution 57/292 of 20 December 2002, the Office of Internal Oversight Services (OIOS) hereby submits its third report on the capital master plan project. The report summarizes OIOS oversight activities with respect to the operations of the capital master plan office during the period from August 2004 to July 2005. The management of the contracts awarded since the inception of the capital master plan project and the deliverables provided by the architectural and engineering firms that received those contracts are also reviewed. The report also covers activities relating to the establishment of an advisory board and the provision of swing space.

2. Between 1 January 2004 and 30 June 2005, seven contracts were awarded totalling $53,584,166. Six of the contracts relate to the design development, construction documents and construction administration phases of the capital master plan and one relates to programme management services. The most recent data available concerning the contracts is contained in the annex to the present report.

3. In June 2004, the Secretariat procured the services of a programme manager to assist the office of the capital master plan in the day-to-day management of the contracts. The programme manager function is responsible for the provision of construction advisory services, including the evaluation of contract proposals; the coordination and monitoring of construction activities; and quality assurance, document control and any other services considered appropriate.

4. In a process similar to that used for assessing the engineering and architectural contracts OIOS reviewed the requests for proposals and the related bids and best and final offers received from the professional firms shortlisted for the programme management services contract. During the reporting period, OIOS attended more than 40 meetings concerning the procurement process, the scope confirmation review process for contracts B-F (see annex) and the deliverable under contract A (functional relocation programme). OIOS provided comments and recommendations through formal and informal communication with the concerned offices.

5. OIOS is pleased to report that it has received full cooperation from the departments and offices responsible for the implementation of the plan, including the capital master plan office, the Procurement Service, the Facilities Management Service, the Office of Central Support Services and the Office of Legal Affairs. The comments of management were taken into account in the preparation of the report.

# II. Office of Internal Oversight Services activities during the period August 2004-July 2005

## A. Organizational structure of the capital master plan

### 1. Advisory Board

6. In paragraph 76 of his report on the capital master plan dated 28 June 2000 (A/55/117), the Secretary-General indicated that, in considering the important issue of financing options for meeting the cost of the capital master plan, Member States might wish to note the Secretary-General's intention to establish a five-member expert financial advisory group, composed of financial experts and eminent persons,

to assist him in examining and exploring all possible financing options, as well as identifying possible sources of voluntary contributions.

7. In a subsequent report dated 8 August 2002 (A/57/285 and Corr.1), the Secretary-General indicated, in paragraph 66, that an advisory board, which was originally referred to as a financial advisory board, was being formed to advise the Secretary-General on financing matters and to provide advice on overall project issues.

8. The General Assembly, at its fifty-seventh session, having considered the report of the Secretary-General on the capital master plan, adopted resolution 57/292, in which it stated in section II, paragraph 19, that it concurred with the intention of the Secretary-General to establish an independent and impartial advisory board and requested him, in establishing the board, to reflect wide geographical representation. In paragraph 23 of the same resolution the General Assembly requested the Secretary-General to issue a corrigendum to his report (A/57/285) to reflect the organizational structure of the Secretariat for managing the capital master plan, both at present and over the course of its implementation. The corrigendum (A/57/285/Corr.1), dated 6 January 2003, indicated the proposal for an advisory board reporting directly to the Secretary-General.

9. OIOS noted that although the Secretariat had started to implement resolution 57/292, the advisory board had not been established as intended by the Secretary-General. The failure to establish the advisory board effectively means that the Secretary-General has not been provided with, in the way originally intended, assistance in exploring all possible financing options or in the identification of possible sources of voluntary contributions or advice on overall project issues.

10. No evidence was made available to OIOS to indicate that the General Assembly had been officially notified that the advisory board had not been formed or that the capital master plan office had explored all possible avenues to solicit private sector financial institutions for financial assistance.

11. In the absence of an advisory board, the capital master plan office, in order to move the project forward, was required to undertake initiatives on behalf of the Secretary-General without the assistance or advice of an independent board regarding financing matters and overall project development. In the view of OIOS, the selection of options concerning swing space, funding and design concepts should be considered carefully at the highest levels of the Organization.

### 2. Executive Director

12. The situation resulting from the lack of an advisory board was further compounded by the vacancy of the post of Executive Director of the capital master plan project. In its report on the capital master plan for the period from August 2003 to July 2004 (A/59/420), OIOS indicated that with the departure of the Executive Director in February 2004, the Office had, since April 2004, been headed by an officer-in-charge at the D-1 level (with a special post allowance to D-2). OIOS is pleased to note that the Secretary-General has recently appointed a new Executive Director.

## B. The need for "swing space"

13. In paragraphs 55 to 65 of his report dated 28 June 2000 (A/55/117), the Secretary-General outlined several construction options for providing the swing space required to house the Secretariat offices and provide conference and meeting space for the various committees of the Organization. The off-site option was to construct a building in the vicinity of the United Nations. The on-site options were as follows:

(a) Constructing an addition to the existing building;

(b) Constructing an addition above the existing South Annex building or replacing the building altogether;

(c) Constructing a low-rise building at the north end of the Headquarters site.

14. The most viable alternative chosen for the refurbishment was constructing of a building in the vicinity of the United Nations to provide swing space that would accommodate not only the Secretariat, but also the functions of the General Assembly and all other conferences and meetings. Due to the large swing space requirements, the capital master plan office determined that assistance from the host city was needed. The host city was prepared to render as much support as possible for the capital master plan. It was proposed that the United Nations Development Corporation (UNDC), an arm of the City and State of New York, would construct a new building (UNDC-5) consisting of approximately 750,000 to 800,000 square feet immediately south of the United Nations Headquarters complex, between 41st and 42nd Streets on First Avenue. The building would then be used for both meeting rooms and offices during the capital master plan refurbishment period. However, the host city indicated that it had to obtain a number of public approvals before a decision could be taken to proceed with such construction.

15. On the basis of that understanding, the capital master plan office in July 2003 issued a request for proposals soliciting professional architectural and engineering firms to provide design services for the refurbishment, which included mention of UNDC-5 as the swing space. As a result, the construction of UNDC-5 became an integral part of the refurbishment schedule. According to the request for proposals, the preliminary schedule showed that UNDC-5 construction was to start in January 2004 and be substantially completed by December 2005, which would have allowed the United Nations to start relocating into UNDC-5 between January and June 2006, with refurbishment construction to start at about the same time.

16. However, the construction of UNDC-5, which the office had relied on as the sole swing space for the refurbishment project, has not yet begun, since the legislature of the host state has not approved the proposal for use of the land. According to the revised schedule, the construction of UNDC-5 is at least two years behind schedule owing to a variety of factors. Faced with this latest development and to minimize the overall delay, the capital master plan office concluded that there was a pressing need to identify an alternative swing space option for occupancy in 2007.

17. In December 2004, the capital master plan office issued a request for proposals soliciting commercial real estate brokers to provide advisory services in identifying alternative swing space options for offices and conference facilities. Six commercial

real estate brokers submitted proposals and were invited to make verbal presentations. In March 2005, the office entered into a contract with one of them. In the view of OIOS, the procurement process for selecting the commercial real estate broker was transparent and fair.

18. OIOS notes that the acquisition of swing space is critical for the refurbishment construction plan, and the lack of such space constitutes a bottleneck in the project's continued progress. Furthermore, all of the scope confirmation reports approved by the capital master plan office for contracts B-F and the approved relocation programme plan under contract A were based on the assumption that UNDC-5 would be used as the swing space. If approval for the construction of UNDC-5 remains uncertain, OIOS believes that the United Nations will have to amend the scope confirmation reports at an additional cost for contracts B-F and the approved relocation programme plan of contract A to reflect a new swing space.

## C. Review of contracts executed by professional architectural and engineering firms

19. During the reporting period, OIOS carried out oversight activities relating to the capital master plan as described below. It also reviewed selected payments made to various contractors. OIOS generally provided its comments and recommendations immediately, during meetings with the capital master plan office, or shortly after its review of the documents provided by the office to ensure that such comments and recommendations could be taken into account when preparing the final contract documents or approving the scope confirmation reports. As oversight activities are conducted on a real-time basis, OIOS used this method for reporting its observations to ensure that they were considered as soon as possible. OIOS notes that the capital master plan office implemented most of the recommendations of OIOS.

20. Based on its audits to date, OIOS concluded that the resources appropriated by the General Assembly for capital master plan activities were being utilized in accordance with the Financial Regulations and Rules of the United Nations. However, OIOS found that the United Nations contract language for construction and related contracts needed to be further improved in order for the project to be efficiently and economically implemented and to adequately protect United Nations assets.

### 1. Programme management services

21. In its previous report, OIOS showed that it had performed an audit to assess whether the standard United Nations documents used in the procurement of construction-related services, including requests for proposals, contracts, general conditions, general requirements and special conditions, were adequate for the capital master plan. OIOS concluded that the current United Nations procedures for the procurement of construction-related services should be strengthened to accommodate the complexity and magnitude of the capital master plan project.

22. Based in part on the recommendations of OIOS, the capital master plan office in 2004 entered into a contract with a professional firm to provide programme management services. OIOS observed that the professional firm had started to address the deficiencies reported by OIOS concerning the procedures for the procurement of construction-related services. For example, the firm had begun to

develop a comprehensive project management plan, including policies, procedures and guidelines, and a manual for the design development phase of the refurbishment project.

23. OIOS attended several meetings with representatives of the firm and observed their performance during various interactions with architectural and engineering firms responsible for the design of contracts B-F and contract A for functional and relocating programming; commercial real estate brokers during verbal presentations for alternative swing space; and architectural and engineering firms during verbal presentations on contract G (curtain wall and exterior envelope). OIOS will continue to monitor and review the project management plan as well as the policies, procedures, guidelines and a manual prepared by the professional firm as the refurbishment progresses.

### 2. Contract clauses

24. OIOS reviewed the clauses in contracts A-G and issued observations on each contract. OIOS also assessed whether the standard United Nations language in the various clauses in the contract documents was clear and adequate for construction or construction-related contracts let by the capital master plan office. As discussed below, OIOS made recommendations to strengthen the standard language pertaining to key contract requirements for the procurement of construction-related services to accommodate the complexity and magnitude of the capital master plan project and to ensure adequate protection of United Nations assets.

25. For example, under article 5, "Services", of the standard contract, the language needs to be clearly defined. In article 5.6, the phrase "implement procedures" is not defined as to whose procedures apply and there is no reference to any existing procedures. Therefore, is the professional firm responsible for issuance of the procedures or is the United Nations? If the professional firm is responsible, the contract should reflect this and include a requirement for United Nations concurrence with the procedures.

26. Similarly, the terms set out under article 12, "Certain remedies of the professional firm", need to be more clearly defined. For example, article 12 provides that in the "event of default" by the United Nations, the professional firm shall promptly give written notice to the United Nations detailing the circumstances giving rise to such event. The phrase "event of default" should be adequately defined in the contract.

### 3. Scope confirmation

27. As part of its effort to deal with the complexity of the refurbishment design development phase, the capital master plan office utilized a scope confirmation approach. This approach involves obtaining information from all stakeholders on their functional needs and requirements to ensure that their needs are addressed. The Office is thus given the opportunity to communicate these requirements to the different professional architectural and engineering firms for inclusion in their plans. The scope confirmation process ensures that the work of the professional architectural and engineering firms is well coordinated and that there is a clear demarcation of responsibilities. The final scope confirmation reports accepted by the capital master plan office become the basis for preparing the project's scope and design documents.

28. OIOS observed the scope confirmation process and reviewed the preliminary scope confirmation reports submitted by the professional firms. Its comments and suggestions were considered by the capital master plan office during the approval of the final scope confirmation reports. In the opinion of OIOS, while the scope confirmation process is unique to the capital master plan project in the United Nations, it is in line with the construction industry practice called "programme of requirements". OIOS believes that the scope confirmation process has provided a coordination mechanism for the scope and design documents based on the information obtained from the stakeholders and will minimize errors, omissions and ambiguity and facilitate the tracking of scope changes during the design development stage.

## D. Contract G: curtain wall and exterior envelope

29. In February 2005, the United Nations Procurement Service issued a request for proposals for the "curtain wall and exterior envelope", which is the glass and stone work that protects the building from the weather. Five firms submitted proposals for the work, which were evaluated for technical competence. The firms were also invited to make verbal presentations. Those presentations have been completed and the capital master plan office has submitted its final assessment identifying professional firms that are technically competent and acceptable. At the time the present report was drafted, the Procurement Service was reviewing the commercial proposals received from those firms identified as being technically competent.

30. OIOS observed that the proposals received from the interested firms had been jointly reviewed and evaluated by both the capital master plan project technical team, including the project management consultant, and representatives from the Facilities Management Division, Office of Central Support Services. Each member of the panel made an independent evaluation of the proposals and the verbal presentations using a standardized format and scoring criteria. The panel then tabulated the results and combined the scores of the technical evaluation of the proposal and verbal presentation to determine which firms were technically qualified to perform the job.

31. OIOS is of the view that the process used for selecting the firm for the study of the curtain wall and exterior envelope has been transparent and fair.

## E. Security strengthening project at United Nations Headquarters

32. At the fifty-ninth session of the General Assembly, OIOS reported on the security strengthening project at United Nations Headquarters (A/59/420). The capital master plan office is responsible for managing the ongoing construction work for the project. As at the date of the present report, the construction work for the project was more than six months behind schedule and additional costs of over $2.5 million had already been incurred. According to information obtained from the capital master plan office, on 8 June 2005, the contractor, who did not complete the work on schedule, submitted a claim for additional compensation and requested an extension of the contract by eight months to complete the construction work. The revised schedule of work submitted by the contractor shows that the construction

work would be completed by February 2006 instead of the original June 2005 completion date.

33. The audit findings of OIOS and its recommendations concerning the security strengthening project are detailed in a separate report, as requested by the General Assembly in its resolution 59/276.

# III. Conclusions

34. The issue of financing the capital master plan project is still under discussion by the Member States. At the same time, the issue of using a new building, UNDC-5, as swing space as originally envisaged is far from settled. This leaves no option other than to look to the commercial market for available office and meeting space to meet the requirements for occupancy in 2007. There is a need to resolve the issue of swing space as soon as possible in order to provide the capital master plan office with a clear and definite direction with regard to proceeding further with the planning of refurbishment construction.

35. As in the previous reporting period, the resources allotted to OIOS from the appropriation for the capital master plan during the current reporting period allowed for the recruitment of one auditor on a short-term temporary assistance basis. Although the level of the post was upgraded as from January 2005, that level of funding is still not considered by OIOS to be sufficient to provide the oversight coverage intended by the General Assembly in its resolution 57/292. Again, in order to carry out the required audit activities, OIOS had to devote the services of an additional auditor exclusively to the capital master plan.

36. In the next reporting period, OIOS will concentrate on reviewing the functional relocation programme as well as the deliverables of the programme manager, the architectural and engineering contractors, and the commercial real estate broker. The projected audit activities of the plan in 2006 and the ensuing period through the completion of the design development phase would require at least 600 workdays (two full-time auditors) for oversight activities. OIOS therefore reiterates its request that: (a) oversight resources be increased to provide for the services of two full-time auditors, and (b) temporary assistance funding for OIOS be converted to actual posts for the duration of the project. Failure to obtain those resources would significantly reduce audit coverage of the capital master plan as mandated by the General Assembly in its resolution 57/292.

# IV. Recommendations[1]

**Recommendation 1**

37. OIOS recommends that the Secretary-General establish an advisory board as proposed in his report (A/57/285 and Corr.1) and concurred in by the General Assembly in its resolution 57/292. Should the Secretary-General envisage a different approach regarding the provision of expert advice, the General Assembly should be informed accordingly (AC/2005/514/01/01).

[1] The symbols in parentheses are internal codes used by OIOS to record recommendations.

**Recommendation 2**

38. In view of the uncertainty surrounding the construction of the UNDC-5 building, OIOS recommends that the Secretary-General provide the General Assembly with additional options for meeting the need for temporary office and meeting space, which is a necessary prerequisite for completion of the capital master plan design development phase and planning of the refurbishment construction schedule (AC/2005/514/01/03).

(*Signed*) Inga-Britt **Ahlenius**
Under-Secretary-General for Internal Oversight Services

# Annex

## Contracts for the capital master plan (design development, construction document and construction administration phase)

(in United States dollars)

| *Contract* | *Capital master plan component* | *Contract signature date* | *Total contract amount* | *Amount obligated to date* | *Amount paid to date* | *Obligation balance amount* |
|---|---|---|---|---|---|---|
| A | Functional relocation programme | 2/1/04 | 857 825 | 738 675 | 537 455 | 201 220 |
| B | Infrastructure, basement, garage, North Lawn and United Nations Institute for Training and Research Building | 25/6/04 | 12 269 173 | 3 847 527 | 768 650 | 3 078 877 |
| C | General Assembly and Conference Buildings | 25/6/04 | 11 534 853 | 2 883 713 | 518 667 | 2 365 046 |
| D | Secretariat and South Annex Buildings | 22/9/04 | 6 734 419 | 1 740 605 | 351 355 | 1 389 250 |
| E | Dag Hammarskjöld Library Building | 25/6/04 | 2 077 967 | 519 492 | 96 558 | 422 934 |
| F | Security | 25/6/04 | 4 212 440 | 1 153 924 | 168 250 | 985 674 |
| G | Curtain wall and exteriors envelope | Contractor selection in process | | | | |
| Programme management services | Programme manager | 04/10/04 | 15 897 489 | 2 279 099 | 1 083 792 | 1 195 307 |
| Real estate | Swing space survey | 03/3/05 | 75 000 | 75 000 | — | 75 000 |
| Space programming | Programme space relocation and planning presentations | 06/2/04 | 8 330 | 4 110 | 4 110 | — |
| Security | Threat and risk assessment study | 17/8/04 | 22 950 | 22 950 | 22 950 | — |
| Legal | Construction counsel | 21/5/04 | 50 000 | 50 000 | 19 827 | 30 173 |
| Legal | Arbitration counsel | 17/1/05 | 86 610 | 86 610 | — | 86 610 |
| **Total** | | | **53 827 056** | **13 401 705** | **3 571 614** | **9 830 091** |

*Note*: The Department of Management provided the information contained in this table, which was obtained from the United Nations accounting system as at 31 July 2005.